

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: <u>Genesee County Drain Commissioner Division of Water and Waste Services</u>	County Genesee
Audit Date December 31, 2003	Opinion Date April 27, 2004	Date Accountant Report Submitted To State: June 25, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132])   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): <b>PLANTE &amp; MORAN, LLP</b>			
Street Address 27400 Northwestern Highway	City Southfield	State MI	ZIP 48034
Accountant Signature  <i>Plante &amp; Moran, PLLC</i>			

# **Genesee County Drain Commissioner Division of Water and Waste Services**

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**Financial Report  
with Supplemental Information  
December 31, 2003**

# **Genesee County Drain Commissioner**

## **Division of Water and Waste Services**

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### **Contents**

<b>Report Letter</b>	<b>I</b>
<b>Management's Discussion and Analysis</b>	<b>2-14</b>
<b>Basic Financial Statements</b>	
Statement of Net Assets - Proprietary Fund Types	15
Statement of Revenue, Expenses, and Changes in Net Assets - Proprietary Fund Types	16
Statement of Cash Flows - Proprietary Fund Types	17
Notes to Financial Statements	18-29
<b>Supplemental Information</b>	
Statement of Net Assets (Divisional Detail) - Enterprise Fund	30
Statement of Revenue, Expenses, and Changes in Net Assets (Divisional Detail) - Enterprise Fund	31
Statement of Cash Flows (Divisional Detail) - Enterprise Fund	32
Summary of Bonds Payable	33-36
Schedule of Bonds Payable - Interceptor and Treatment Facilities	37-42
Schedule of Bonds Payable - Sewage Disposal Systems - District No. 3	43-44
Schedule of Bonds Payable - Water Supply Systems	45-46

## Independent Auditor's Report

Mr. Jeff Wright  
Genesee County Drain Commissioner  
Division of Water and Waste Services  
Flint, Michigan

We have audited the accompanying basic financial statements of the Genesee County Drain Commissioner Division of Water and Waste Services (a component unit of Genesee County, Michigan) as of December 31, 2003 and 2002 and for the years ended, as listed in the table of contents. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Genesee County Drain Commissioner Division of Water and Waste Services as of December 31, 2003 and 2002 and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Genesee County Drain Commissioner Division of Water and Waste Services. We did not examine this data and, accordingly, do not express an opinion thereon.

The accompanying supplemental information, as identified in the table of contents, is not a required part of the basic financial statements. The supplemental information is presented for the purpose of additional analysis. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Genesee County Drain Commissioner's basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*



April 27, 2004

# **Genesee County Drain Commissioner**

## **Division of Water and Waste Services**

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### **Management's Discussion and Analysis**

The Division of Water and Waste Services (the "Division") is responsible for the administration, operation, maintenance, and construction of infrastructure and treatment facilities for the communities located in Genesee County, excluding the City of Flint, for the sanitary system and water supply. The Division's mission is to distribute water and collect and treat wastewater in such a manner that is in compliance with all state and federal regulations, and to maintain the lowest cost to customers. In addition, the Division offers construction management and system operation services to local communities.

Some of the key administrative and engineering duties of both the sanitary sewer operation and the water department operation include comprehensive system planning, interaction and regulation of development, implementing capital improvement projects, and system budget management. Operational duties include general system maintenance, minor repair and construction, day-to-day operation of the sewage plants and transmission, reading of meters for billing, billing services for various communities, and assistance with water use issues.

The Sanitary Sewer Section is responsible for the collection and transmission of effluent through the sewer interceptor lines to the three disposal plants under the Division's jurisdiction. These plants are the Linden Facility, the Argentine/Deerfield Lagoons, and the Anthony Ragnone Treatment Plant (ARTP). The Division also manages two programs that impact its treatment facilities:

**Biosolids Disposal** - The Division is responsible for disposing wastewater treatment plant biosolids in a manner that is considered beneficial reuse, in particular sludge application on farmland. In 2003, ARTP applied 32.9 MG of stabilized biosolids (8183 DT) on approximately 2,727 acres of approved fields. Four biosolids storage tanks were cleaned by the end of the year, all were emptied, and all tanks were inspected. Tank atmospheric monitoring and ventilation has been increased to further assure safe conditions. The Division is studying dewatering and other options for proper, cost effective disposal.

**Industrial Waste Control** - Under this program, the Division regulates and monitors industrial dischargers and non-domestic dischargers to the wastewater system. The Division is responsible for reviewing applications, issuing discharge permits, verifying compliance, and calculating fees and surcharge bills for the customers, as well as enforcing regulations through discharge permits, which protect the wastewater treatment facilities and the environment. Presently, there are 21 significant permits being monitored. At least three more industrial permits will be added in 2004. MDEQ approval is pending for the revised sewer use ordinance that will allow for best management practices in regulating silver and mercury from physician offices and grease and oil from restaurants. A mercury minimization program and fats, oil, and grease (FOG) program are under development.

# **Genesee County Drain Commissioner**

## **Division of Water and Waste Services**

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### **Management's Discussion and Analysis (Continued)**

The Division is responsible for water supply acquisition from the City of Detroit through the City of Flint. The Division provides potable water to residential, commercial, and industrial customers with distribution of water to the outlying communities of Genesee County. It maintains a distribution system consisting of approximately 422 miles of water mains. The Division installs water connections at the request of customers, services and changes water meters, performs turn-ons and turn-offs at the request of customers, and oversees the backflow prevention program.

The Division's utility customer service work group is responsible for ensuring that accurate, timely bills are issued and is instrumental in answering customer questions about water and sewer bills. This work group is also responsible for issuing new water/sewer connection permits, processing service requests and requests for transfer of service, and works with various municipalities in the processing of questions concerning the users of the system.

#### **Objectives and Achievements**

The main objectives of the Drain Commissioner are to maintain residential water and sewer rates that are fair and cost effective to all concerned. Although not required by law, the Division maintains a yearly budget of income and expenses. This helps with planning for new and improved systems. The rising cost of water from the City of Detroit to the City of Flint and then to Genesee County was of great concern. With continued efforts and negotiations with the City of Flint, the Drain Commissioner and the Division of Water and Waste Services were able to amend the 1973 City/County water supply agreement. In 2003, all previous outstanding water charges have been paid in full, including accrued interest. The cost from the City of Detroit will be passed through with no markup of cost and a flat rate will be paid to the City of Flint. Beginning January 1, 2005 and each calendar year thereafter through August 2008, the flat rate shall be adjusted for inflation in the amount of any annual average percentage increase in the Consumer Price Index for urban wage earners and clerical workers (CPI-W) for the preceding calendar year.

Through Genesee County, land was purchased along Lake Huron for the possible construction of a water plant and distribution system for Genesee County. The Division has first right of refusal on the property for development. A subcommittee of Genesee County will address two major issues before making a decision to build a pipeline to Port Huron, which are (a) long-term water supply and the reliability of the water supply, and (b) cost to build and cost to residents.

# **Genesee County Drain Commissioner Division of Water and Waste Services**

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## **Management's Discussion and Analysis (Continued)**

### **ARTP (Anthony Ragnone Treatment Plant)**

#### **Accomplishments:**

- a. Upgraded the medium voltage circuit breakers to vacuum break and relays of Brent Run Pump Station, and blower #3 completed
- b. Installed variable frequency drive systems for raw water pumps #3 and #4
- c. Completed a short circuit coordination study for all medium voltage plant systems
- d. Relocated chlorination point for better efficiency and employee safety
- e. Improved plant monitoring and control for initial homeland security issues

#### **Goals:**

- a. Improve security systems in the following areas:
  - Firewall operation control in computer systems
  - Add video security and keyless entry systems
- b. Perform preventive maintenance on major systems such as:
  - Systematically paint all outside structures
  - Make necessary repairs/replacement of various roofing systems
  - Make structural repairs in the raw channel system
- c. Make improvements to the electrical systems building:
  - Upgrade medium voltage switch gear circuit breaker at substation and blower buildings
  - Install monitoring and upgrade 480 volt on motor control center buzz system
  - Install variable frequency drives on return-activated sludge pumps and on low- and high-pressure final effluent pumps
- d. Implement best management practice for mercury and silver
- e. Replace portable sampling equipment
- f. Develop and implement IPP fees, application process, BMP, permit system, and surcharge structure
- g. Provide training for community officials on ordinance revisions and application process

# **Genesee County Drain Commissioner Division of Water and Waste Services**

## **Management's Discussion and Analysis (Continued)**

### **Operation and Maintenance**

#### **Accomplishments:**

- a. Flow meter installation 90 percent complete with substantial completion expected in March 2004
- b. Completed electrical upgrade to pump station #1. Design completed for pump stations #2, #3, and #4 electrical upgrades, with work to begin the week of January 25, 2004
- c. The Flushing Park P.S. electrical/mechanical upgrade is coordinated in conjunction with the Brent Run P.S. upgrade. VFDs were installed, and pump/valves/piping installation is to begin in February 2004.
- d. Approximately 90 percent of the interceptors have been televised. Continuing efforts of jetting/televising of lateral systems
- e. Inspection and repairs to manholes are 85 percent completed.
- f. Estimated costs to develop the program and begin implementation of the elements of CMOM
- g. Continue with information in consumer confidence report to the citizens of Genesee County
- h. Continued efforts to expand the water supply system
- i. Completed vulnerability assessment and emergency response plan for services
- j. Safety issues performed, including:
  - Safety manual for disinfection, updated health, safety manual policies for trenching, shoring, cranes, and rigging
  - Completed laboratory chemical hygiene plan
  - Ventilation audits done for collection stations
  - Conducted training session for drug and alcohol awareness, first aid and CPR, respiratory protection, confined space, and hot work permit program

#### **Goals:**

- a. Continue to improve security of various pump stations
- b. Install mag-meters at pump stations #1, #5, and #9
- c. Upgrade pump station system control and monitoring
- d. Continue repairs to sewer mains-institute repairs
- e. Inspect and make needed repairs to manholes-lateral systems
- f. Continue with jetting/televising of lateral systems
- g. Develop a comprehensive preventative maintenance program
- h. Develop a plan to replace the high maintenance water mains
- i. A valve witness program to locate valves, verify valve operation/repair/replace, create up-to-date valve witness locator
- j. Creation and construction of water hauler sites
- k. Evaluation, design, and upgrade of current telemetry system



# **Genesee County Drain Commissioner Division of Water and Waste Services**

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## **Management's Discussion and Analysis (Continued)**

### **Permitting**

#### **Accomplishments:**

- a. Updating of locator maps
- b. Developed as-built drawing procedure and process to minimize buildup of data after construction projects are completed
- c. Development of GIS grinder station approval and permitting process, along with map of all grinder stations in District #7
- d. Completed and distributed draft copies of spec standards update process
- e. Initiated Phase I of GIS platform development and Citiworks implementation
- f. Development of customer relations for assistance to home owners in the preparation of the paperwork needed for permitting of soil erosion
- g. Revised standard detail sheets, specifications, and specs

#### **Goals:**

- a. Develop cost of service tracking system to have a true cost for plan review, permitting, and inspection
- b. Finalize permit procedures and obtain written agreements with all governmental agencies in the service district
- c. Completion of Phase II of GIS and Citiworks to improve record system related to all permits associated with the Division
- d. Finalize County sanitary sewer ordinance
- e. Coordination of S-permits with the related capital improvement developments

# **Genesee County Drain Commissioner**

## **Division of Water and Waste Services**

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### **Management's Discussion and Analysis (Continued)**

#### **Linden Wastewater Plant (District #3)**

##### **Accomplishments:**

- a. Rebuilt chemical room to include new ferric tanks, pumps, instrumentation, HVAC, polymer feed system, new doors, windows, resurfacing of floor, safety shower, and eyewash
- b. Installation of new dome and pressure/vacuum relief for the east anaerobic digester
- c. Removal of existing SCADA system and installed new system to resolve operation problems
- d. Treated 1.364 billion gallons of influent and hauled 4.24 million gallons of biosolids to land application, as well as belt pressed 195 dry tons of biosolids to landfill
- e. Installed constant voltage transformers on the five process control panels to alleviate control problems caused by voltage imbalance
- f. The major goal for District #3 was to avoid any sanitary sewer overflows (SSO) to the Shiawassee river
- g. Installation of ceiling-mounted heat system for DAF building, eliminating the need for the roof-mounted system that was problematic and expensive to maintain
- h. Planted 76 evergreen trees to add beauty to the facility as well as acting as an aid to odor control
- i. Installation of new centrifugal sampling pump for the final effluent to eliminate the air diaphragm pump and the need for a compressor to operate almost non-stop

##### **Goals:**

- a. Place new chemical feed systems into service; the basic thought is to increase run time on the tertiary filters between backwash cycles and to also thicken the waste activated sludge
- b. Place E. digester into service to handle biosolids as well as help to limit odor emissions
- c. Work closely with the engineers in the upgrade and expansion project to accommodate the anticipated flows from Livingston County
- d. Install valve vault and 36" gate valve at the Rolston Road storage lagoon site
- e. Run high-pressure airline to the preliminary treatment building

# **Genesee County Drain Commissioner Division of Water and Waste Services**

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## **Management's Discussion and Analysis (Continued)**

### **District #7**

#### **Accomplishments:**

- a. Continued replacing of grinder pumps and control panels to alleviate sanitary overflows
- b. Took digital pictures of all recorded stations, a visual aid for recordkeeping
- c. Continued replacement of level sensors, floats, chains, and related hardware in grinder stations
- d. Discharged 92 million gallons to the Shiawassee River
- e. Utilizing an electrical contractor:
  - Installed undervoltage sensor in the control panel at the District 7 lagoon site in order for the aerators to restart automatically after a power interruption
  - Relocated electrical transformer from floor level to 6' height on north wall of the pump house, making sure transformer will no longer be subjected to flooding
- f. Rebuilt three recirculation pumps at lagoon site

#### **Goals:**

- a. Continuation of upgrades to meet milestones of the Administrative Consent Order:
  - Focus on the installation of new control panels for the grinder stations
  - Continue the installation of new grinder pumps as well as repairs to the discharge piping
- b. Installation of aerators in cell #2
- c. Continue to move toward more uniform, consistent grinder station installation document(s)
- d. Address concerns in the need to remove biosolids from the three cells at the Bird Road Lagoon site

# **Genesee County Drain Commissioner**

## **Division of Water and Waste Services**

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### **Management's Discussion and Analysis (Continued)**

The Division will continue with the allocations from the acquisition of several grants that were received during fiscal years 2002 and 2003 with some new issues in fiscal year 2004. These grants include the following:

- A grant in the amount of \$115,000 had been awarded in fiscal year 2002 by the USEPA to prepare a vulnerability assessment and recommendation for security enhancements to the water supply system. This was completed in 2003 and the implementation of recommendations by the design firm will be done in fiscal year 2004.
- A program grant by the Army Corp of Engineers as a joint venture for the engineering/design of a compatible rain gauge network covering Genesee County. This program is still ongoing into fiscal year 2004.
- A Hazard Mitigation Grant (FEMA Grant) for 75 percent of costs to elevate 1970 manhole locations (Flint/Flushing Township interceptor sewer), raise the existing levee one foot, and elevate the electrical components with the pumping station. This project is 85 percent complete.
- A Hazard Mitigation Grant (FEMA Grant) for 75 percent of costs for Curwood Pump Station electrical improvements/manhole repairs. This project is currently on hold. There has been discussion to apply this grant to rebuilding the Curwood Pump Station.
- A STAG grant of up to \$1,000,000 for work associated with the Northeast Sewer Extension and Western Trunk Sewer Extension.

### **Using this Annual Report**

The annual report consists of a series of financial statements. The statement of net assets, the statement of revenue, expenses, and changes in net assets, and the statement of cash flows provide information about the activities of the Division as a whole and present a longer-term view of its finances.

# Genesee County Drain Commissioner

## Division of Water and Waste Services

### Management's Discussion and Analysis (Continued)

#### Condensed Financial Information

The following table presents condensed information about the Division's financial position compared to the prior year.

	December 31		Increase	
	2003	2002	(Decrease)	Percent
<b>Assets:</b>				
Current assets	\$ 22,695,260	\$ 27,549,222	\$ (4,853,962)	(17.6)
Restricted assets	38,922,426	15,215,203	23,707,223	155.8
Other noncurrent assets	44,287,400	45,313,167	(1,025,767)	(2.3)
Capital assets	126,564,293	104,344,086	22,220,207	21.3
Total assets	232,469,379	192,421,678	40,047,701	20.8
<b>Liabilities:</b>				
Current liabilities	16,669,450	12,604,122	4,065,328	32.3
Liabilities payable from restricted assets	2,523,766	1,498,657	1,025,109	68.4
Other noncurrent liability	150,602	172,116	(21,514)	(12.5)
Long-term debt	89,905,000	60,360,000	29,545,000	48.9
Total liabilities	109,248,818	74,634,895	34,613,923	46.4
<b>Net assets:</b>				
Invested in capital assets - Net of related debt	96,372,334	92,785,103	3,587,231	3.9
Restricted for capital outlay	10,558,612	5,363,971	5,194,641	96.8
Restricted for debt service	743,315	600,906	142,409	23.7
Unrestricted	15,546,300	19,036,803	(3,490,503)	(18.3)
Total net assets	<u>\$ 123,220,561</u>	<u>\$ 117,786,783</u>	<u>\$ 5,433,778</u>	
	Year Ended December 31		Increase	
	2003	2002	(Decrease)	Percent
Revenue from operations	\$ 29,500,625	\$ 28,143,653	\$ 1,356,972	4.8
Interest on operating cash	544,420	611,886	(67,466)	(11.0)
Total revenue	30,045,045	28,755,539	1,289,506	4.5
Sewage disposal charges	953,984	1,165,595	(211,611)	(18.2)
Cost of water	8,338,065	5,991,493	2,346,572	39.2
Operating and maintenance	14,901,591	14,989,415	(87,824)	(0.6)
Administrative and depreciation	3,507,359	3,163,733	343,626	10.9
Total operating expenses	27,700,999	25,310,236	2,390,763	9.4
Other nonoperating revenue	3,089,732	3,428,503	(338,771)	(9.9)
Change in net assets - Before special item	5,433,778	6,873,806	(1,440,028)	(20.9)
Special item - Charge for water used in prior years	-	(1,534,938)	1,534,938	(100.0)
Change in net assets	<u>\$ 5,433,778</u>	<u>\$ 5,338,868</u>	<u>\$ 94,910</u>	1.8

# **Genesee County Drain Commissioner**

## **Division of Water and Waste Services**

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### **Management's Discussion and Analysis (Continued)**

#### **Major Capital Assets and Debt Activity**

In 2002, bonds were issued in the amount of \$11,000,000 for the purpose of defraying the cost of acquiring and constructing improvements to the sanitary sewage disposal system (interceptor and treatment facilities) for the Flushing Park and Brent Run Pumping Stations, and installing a system flow monitoring and rain monitoring system. These projects were started in 2002 and are on schedule to be completed in 2003. At December 31, 2003, a cost of \$14,447,524 has been recognized as construction in progress. These projects are 90 percent complete.

In 2003, bonds were issued in the amount of \$9,000,000 for the purpose of defraying the cost of acquisition and construction of additional sewer interceptor mains, together with related sites, structures, equipment, and appurtenance, to be known as the Western Trunk Relief Sewer. At December 31, 2003, a cost of \$1,398,462 has been recognized as construction in progress. Additional funds were allocated from reserves of the sewer funds in the amount of \$1,033,303 to cover costs.

Another major capital project is the Northeast Sewer Extension, for which no debt has been issued at present. At December 31, 2003, a cost of \$4,020,668 has been recognized as construction in progress, which has been funded by reserves.

In 2003, bonds were issued in the amounts of \$9,000,000 and \$18,000,000 for the purpose of paying the costs of improvements and extensions to Genesee County's water supply system. These issues are being used for the construction of various water towers for storage and distribution to the consumers of Genesee County and extension of the North Loop III. At December 31, 2003, a cost of \$56,846 and \$13,811,261, respectively, has been recognized as construction in progress.

Additional amounts are proposed for 2004 to continue the expansions of the Western Trunk and Northeast Sewer Extensions and the North Water Loop III Extension. These projects are to be funded by bond issues and the CCIF in 2004 through 2020.

# **Genesee County Drain Commissioner**

## **Division of Water and Waste Services**

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### **Management's Discussion and Analysis (Continued)**

#### **Financial Overview**

In analyzing the Division of Water and Waste Services' financial position, it is important to recognize the mission of the Division, which has been previously stated. A discussion of the significant financial activity during the current year follows:

- Restricted assets increased in the current year by approximately \$23,707,000 due primarily to the issuance of debt related to capital projects. This activity is described in greater detail in the major capital assets and debt activity section.
- Other noncurrent assets decreased in the current year by approximately \$1,025,000 due primarily to reduction of leases receivable in association with the paydown of community debt.
- Capital assets increased by approximately \$22,220,000 in the current year due to several capital programs that are described in greater detail in the major capital assets and debt activity section.
- Long-term debt increased in the current year due to three bond issues. These issues are described in greater detail in the major capital assets and debt activity section.
- Overall net assets changed by 4.2 percent as restricted amounts were transferred to and invested in capital assets when completed, and the change in net assets increased by 1.8 percent as efficiency was a high priority for 2003.
- Revenue in the current year increased, due primarily to increased usage from customers and additional work done for permitting.
- Interest decreased, due primarily to current market conditions.
- Operating and maintenance costs decreased and were maintained as increased efforts were made for efficiency in operation departments.

# Genesee County Drain Commissioner

## Division of Water and Waste Services

### Management's Discussion and Analysis (Continued)

The following table shows the trend in total operating costs compared to flow volumes for sewage treatment:

	Year Ended December 31		
	2001	2002	2003
Total costs charged to townships	\$ 12,790,857	\$ 15,397,896	\$ 15,800,023
Total flow (thousands of gallons)	12,819,410	11,717,891	12,600,424
Cost per thousand of gallons	\$ 1.00	\$ 1.31	\$ 1.25

Due to the lawsuit for CCIF fees (see Note 7), a delay the expansion of the system increased revenue and not projected costs and flow in 2003. The increase of \$4.00 to the base rate in 2002 for the Linden Treatment Plant made the operation capable of repairing and updating methods of treatment for better efficiency.

The following table shows the trend in total operating costs compared to efficiency of water purchased:

	Year Ended December 31		
	2001	2002	2003
Total costs charged to townships	\$ 9,907,091	\$ 11,205,098	\$ 12,223,273
Amount of purchased water (cu. ft.)	675,734,103	726,126,763	694,327,913
Amount of sold water	661,526,256	652,559,316	670,383,275
Water efficiency	98%	90%	97%

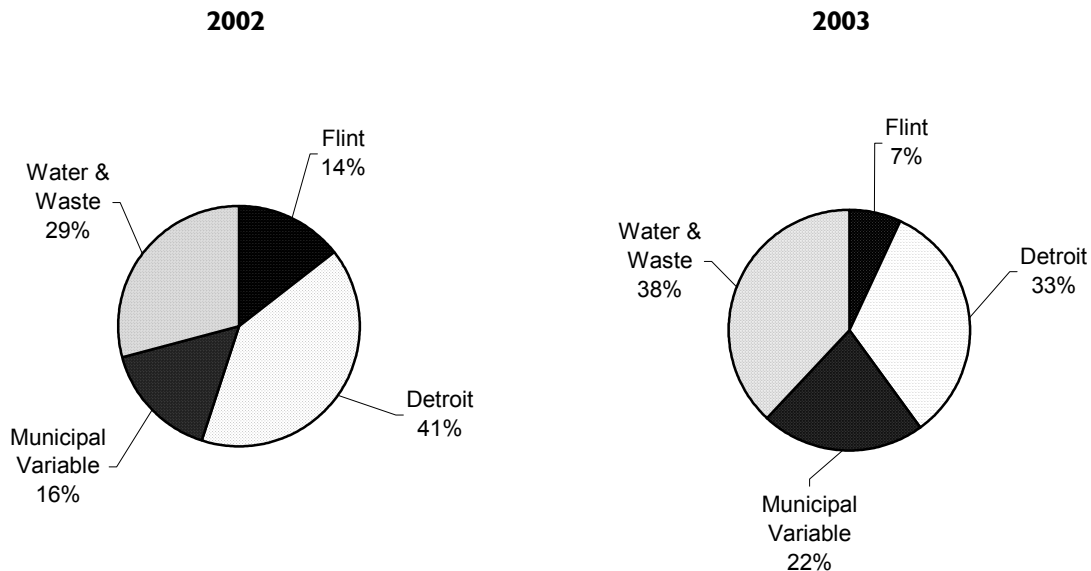
In January 2003, the City of Detroit announced a water rate increase of approximately 9 percent on average for its 132 community water customers. The key to the above statement is "on average". Upon receipt of the proposed rate increase for the City of Flint, it was determined to be approximately 38 percent. This increase was passed along to each of the community water customers. The price paid to the City of Flint will increase from \$10.89 to \$15.02, or an increase of \$4.14 per thousand cubic feet. Genesee County charges on a per hundred cubic feet basis (Ccf) or 41.4 cents per hundred cubic feet. This will be a direct pass-through charge with no markup by the County Agency as the settlement with the City of Flint on a flat rate has already been figured into Genesee County rates for availability. This is illustrated by the following :



# Genesee County Drain Commissioner Division of Water and Waste Services

## Management's Discussion and Analysis (Continued)

### Retail 5/8" Meter with 1,000 Cubic Feet per Month Usage



These charts show that the increases in charges from the Cities of Detroit and Flint will use a larger percentage of the total charge for water, and the Division and the communities will realize a smaller percentage. To keep the water system functioning properly, the increase of cost must be passed on to the users of the system.

### Contacting the Division's Management

This financial report is intended to provide our constituents, sewer/water users, and bondholders with a general overview of the Genesee County Drain Commissioner, Division of Water and Waste Services' accountability for the money it receives. These financial statements are included as a component unit of Genesee County and should be viewed as part of the government-wide financial statements. If there are questions about this report or if additional information is needed, we welcome anyone to contact the Drain Commissioner or Director of the Division.

# Genesee County Drain Commissioner

## Division of Water and Waste Services

### Statement of Net Assets - Proprietary Fund Types

	December 31			
	2003			2002
	Enterprise Fund	Internal Service Fund	Total	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents (Note 2)	\$ 12,842,574	\$ 114,085	\$ 12,956,659	\$ 17,814,164
Accounts receivable	3,225,227	-	3,225,227	2,659,415
Due from other governmental units	42,514	-	42,514	55,741
Current portion of leases receivable	6,465,000	-	6,465,000	7,005,000
Inventory	5,860	-	5,860	14,902
Total current assets	22,581,175	114,085	22,695,260	27,549,222
Noncurrent assets:				
Restricted cash and cash equivalents (Note 2)	38,922,426	-	38,922,426	15,215,203
Due from other governmental units	1,735,219	-	1,735,219	768,167
Leases receivable - Net of current portion	41,885,000	-	41,885,000	44,545,000
Local unit construction in progress	667,181	-	667,181	-
Capital assets (Note 3):				
Land and other assets not being depreciated	36,966,908	179,595	37,146,503	14,846,711
Buildings and equipment - Net of depreciation	86,690,885	2,726,905	89,417,790	89,497,375
Total noncurrent assets	206,867,619	2,906,500	209,774,119	164,872,456
Total assets	229,448,794	3,020,585	232,469,379	192,421,678
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued expenses	3,151,364	17,775	3,169,139	1,756,533
Due to other governmental units	16,540	-	16,540	1,658,463
Unearned leases	3,223,771	-	3,223,771	1,449,126
Current portion of bonds payable (Note 4)	10,260,000	-	10,260,000	7,740,000
Total current liabilities	16,651,675	17,775	16,669,450	12,604,122
Noncurrent liabilities:				
Liabilities related to restricted assets	2,439,146	84,620	2,523,766	1,498,657
Internal balances	(836,445)	836,445	-	-
Deferred revenue	150,602	-	150,602	172,116
Bonds payable - Net of current portion (Note 4)	89,905,000	-	89,905,000	60,360,000
Total noncurrent liabilities	91,658,303	921,065	92,579,368	62,030,773
Total liabilities	108,309,978	938,840	109,248,818	74,634,895
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	94,382,476	1,989,858	96,372,334	92,785,103
Restricted for capital outlay	10,558,612	-	10,558,612	5,363,971
Restricted for debt service	743,315	-	743,315	600,906
Unrestricted	15,454,413	91,887	15,546,300	19,036,803
Total net assets	<u>\$121,138,816</u>	<u>\$ 2,081,745</u>	<u>\$123,220,561</u>	<u>\$117,786,783</u>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Genesee County Drain Commissioner

## Division of Water and Waste Services

### Statement of Revenue, Expenses, and Changes in Net Assets - Proprietary Fund Types

	Years Ended December 31				
	2003				2002
	Enterprise Fund	Internal Service Fund	Eliminations	Total	Total
<b>Operating Revenue</b>					
Sewage disposal service	\$ 15,800,023	\$ -	\$ -	\$ 15,800,023	\$ 15,397,896
Billing services	79,792	-	-	79,792	77,989
Sewer and pumping station -					
Operation and maintenance	575,691	-	-	575,691	567,215
Inspection fees	18,047	-	-	18,047	20,167
Water sales	12,223,273	-	-	12,223,273	11,205,098
Water meter sales	115,150	-	-	115,150	133,233
Billing to Enterprise Fund	-	451,898	(451,898)	-	-
Rental income	-	440,000	(440,000)	-	-
Other operating revenue	688,631	18	-	688,649	742,055
<b>Total operating revenue</b>	<b>29,500,607</b>	<b>891,916</b>	<b>(891,898)</b>	<b>29,500,625</b>	<b>28,143,653</b>
<b>Operating Expenses</b>					
Personnel services	9,420,703	-	-	9,420,703	8,304,517
Contractual services	939,436	-	-	939,436	749,429
Sludge disposal service	953,984	-	-	953,984	1,165,595
Cost of water	8,338,065	-	-	8,338,065	5,991,493
Repairs and maintenance	1,968,650	1,601	-	1,970,251	3,085,658
Utilities	2,490,473	-	-	2,490,473	2,549,546
Other supplies and expense	1,819,689	92,373	(891,898)	1,020,164	1,049,694
Insurance claims and expenses	472,112	64,460	-	536,572	494,563
Depreciation	1,540,181	491,170	-	2,031,351	1,919,741
<b>Total operating expenses</b>	<b>27,943,293</b>	<b>649,604</b>	<b>(891,898)</b>	<b>27,700,999</b>	<b>25,310,236</b>
<b>Operating Income</b>	<b>1,557,314</b>	<b>242,312</b>	<b>-</b>	<b>1,799,626</b>	<b>2,833,417</b>
<b>Nonoperating Revenue (Expense)</b>					
Interest and investment revenue	591,229	4,515	(51,324)	544,420	611,886
Miscellaneous revenue	3,977,442	16,325	-	3,993,767	3,967,419
Interest expense	(904,035)	(51,324)	51,324	(904,035)	(538,916)
<b>Total nonoperating revenue (expense)</b>	<b>3,664,636</b>	<b>(30,484)</b>	<b>-</b>	<b>3,634,152</b>	<b>4,040,389</b>
<b>Income - Before special item</b>	<b>5,221,950</b>	<b>211,828</b>	<b>-</b>	<b>5,433,778</b>	<b>6,873,806</b>
<b>Special Item - Charge for water used in prior years (Note 8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,534,938)</b>
<b>Change in Net Assets</b>	<b>5,221,950</b>	<b>211,828</b>	<b>-</b>	<b>5,433,778</b>	<b>5,338,868</b>
<b>Net Assets - Beginning of year</b>	<b>115,916,866</b>	<b>1,869,917</b>	<b>-</b>	<b>117,786,783</b>	<b>112,447,915</b>
<b>Net Assets - End of year</b>	<b>\$ 121,138,816</b>	<b>\$ 2,081,745</b>	<b>\$ -</b>	<b>\$ 123,220,561</b>	<b>\$ 117,786,783</b>

# Genesee County Drain Commissioner

## Division of Water and Waste Services

### Statement of Cash Flows - Proprietary Fund Types

	Year Ended December 31			
	2003			2002
	Internal			
	Enterprise Fund	Service Fund	Total	Total
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 29,294,929	\$ 531,782	\$ 29,826,711	\$ 29,647,705
Cash payments to suppliers and others for goods and services	(17,237,507)	(73,828)	(17,311,335)	(16,018,020)
Cash payments to employees	(9,420,703)	-	(9,420,703)	(8,304,517)
Net cash provided by operating activities	2,636,719	457,954	3,094,673	5,325,168
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchases of capital assets	(22,378,378)	(938,832)	(23,317,210)	(10,980,142)
Proceeds from sale of capital assets	-	16,325	16,325	6,700
Capital contributions from communities	173,103	-	173,103	705,149
County capital improvement fees	3,872,864	-	3,872,864	4,026,861
Collections of leases receivable from municipalities	5,658,413	-	5,658,413	10,568,843
Proceeds from issuance of revenue bond	40,000,000	-	40,000,000	11,000,000
Principal paid on bond maturities	(7,935,000)	-	(7,935,000)	(9,000,000)
Interest paid on bonds and other long-term liabilities	(3,274,963)	(51,324)	(3,326,287)	(3,221,425)
Administrative costs associated with bond issues	17,093	-	17,093	(67,490)
Net cash provided by (used in) capital and related financing activities	16,133,132	(973,831)	15,159,301	3,038,496
<b>Cash Flows from Investing Activities - Investment income</b>	591,229	4,515	595,744	680,552
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	19,361,080	(511,362)	18,849,718	9,044,216
<b>Cash and Cash Equivalents - Beginning of year</b>	32,403,920	625,447	33,029,367	23,985,151
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 51,765,000</u>	<u>\$ 114,085</u>	<u>\$ 51,879,085</u>	<u>\$ 33,029,367</u>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>				
Operating income	\$ 1,557,314	\$ 242,312	\$ 1,799,626	\$ 2,833,417
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	1,540,181	491,170	2,031,351	1,919,741
Special item - Charge for water used and held in escrow	-	-	-	(1,534,938)
Changes in assets and liabilities:				
Accounts receivable	(867,812)	-	(867,812)	591,664
Inventories	9,042	-	9,042	3,554
Accounts payable, accrued expenses, and deferred revenue	2,331,595	146,454	2,478,049	557,996
Internal balances	360,147	(421,982)	(61,835)	57
Due to/from other governmental units - Net	(2,293,748)	-	(2,293,748)	953,677
Net cash provided by operating activities	<u>\$ 2,636,719</u>	<u>\$ 457,954</u>	<u>\$ 3,094,673</u>	<u>\$ 5,325,168</u>

# **Genesee County Drain Commissioner**

## **Division of Water and Waste Services**

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### **Notes to Financial Statements**

#### **December 31, 2003 and 2002**

#### **Note 1 - Summary of Significant Accounting Policies**

The Genesee County Drain Commissioner Division of Water and Waste Services (the "Division") was organized in September 1965 under Public Act No. 342 of 1939 of the State of Michigan (amended in 1967). The Division's major operations are the construction and operation of water and waste systems in Genesee County, Michigan (the "County") and certain areas in surrounding counties. Construction is financed with proceeds from the sale of bonds and federal and state grants. The operating activities are financed primarily through user charges to municipalities in the systems.

The financial statements of the Division have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Division's accounting policies are described below.

**Reporting Entity** - Included within the reporting entity are the following:

- Genesee County Sewage Disposal Systems Nos. 1, 2, 5, and 6 (interceptors and treatment facilities)
- Genesee County Sanitary Sewage Disposal Systems Nos. 3 and 7
- Genesee County Water Supply Systems
- Genesee County Division of Water and Waste Services - Vehicle and Equipment Fund (Internal Service Fund)

In evaluating how to define the Division for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governmental body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Division is able to exercise oversight responsibilities. Based on the application of these criteria, there are no component units to be included in these financial statements.

# **Genesee County Drain Commissioner**

## **Division of Water and Waste Services**

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### **Notes to Financial Statements**

#### **December 31, 2003 and 2002**

#### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation** - The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Division reports the following major proprietary funds:

- The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the costs (expenses, including depreciation) of providing water and sewer services to the general public on a continuing basis are financed through user charges.
- The Internal Service Fund accounts for financing of goods and services provided by one department to other departments of the Division on a cost-plus basis.

The Division has elected, under GASB Statement No. 20, to apply all Financial Accounting Standards Board (FASB) statements issued after November 30, 1989, unless they conflict with the guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the basic financial statements. Exceptions to this general rule are charges between the Division's water and sewer function and various other functions of the Division. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Division's proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

# **Genesee County Drain Commissioner**

## **Division of Water and Waste Services**

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### **Notes to Financial Statements**

#### **December 31, 2003 and 2002**

#### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Bank Deposits and Investments** - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value, based on quoted market prices.

**Short-term Financial Instruments** - The fair value of short-term financial instruments, including cash and cash equivalents, trade accounts receivable and payable, accrued receivables, and accrued liabilities, is equal to the carrying amounts in the accompanying financial statements due to the short maturity of such instruments.

**Receivables and Payables** - Outstanding balances between funds are reported in the basic financial statements as "internal balances." All trade receivables are shown as net of an allowance for uncollectible amounts.

**Inventories** - Inventories consist primarily of water meters and grinder pumps, valued at cost, using the first-in, first-out method. The cost of inventories is recorded as an expense when consumed rather than when purchased.

**Leases Receivable** - Leases receivable consists of amounts due to the Division from various municipalities for construction activity. The Division constructs assets for various municipalities under Acts 185 and 342. Under these acts, the County issues bonds and constructs assets on behalf of municipalities. These assets are then leased by the municipalities over the life of the bonds. Lease payments approximate the debt service requirements of the associated bonds.

**Local Unit Construction in Progress** - Local unit construction in progress represents construction of water and sewer distribution and collection systems performed by the Division for local communities. The projects are recorded as an asset during the construction phase and are offset by an unearned lease. When the projects are substantially complete, the asset and unearned lease are removed from the financial statements, and an asset is recorded by the local community.

**Restricted Assets** - Certain assets are restricted by the Division's bond ordinances. In addition, unspent bond proceeds and County capital improvement fees are restricted for the construction of water collection and sewage disposal systems projects. When an expense is incurred that allows the use of restricted assets (such as bond debt principal and interest), those assets are applied before utilizing any unrestricted assets.

# Genesee County Drain Commissioner

## Division of Water and Waste Services

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### Notes to Financial Statements December 31, 2003 and 2002

#### Note 1 - Summary of Significant Accounting Policies (Continued)

**Postemployment Benefits** - In addition to the pension benefits described in Note 5, the Division provides postemployment health care, dental, and life insurance benefits after retirement through a contractual agreement. The Division is responsible for 100 percent of the cost of postretirement benefits and funds these costs as they are incurred. Postretirement benefits for retired employees were \$682,441 and \$590,020 for the years ended December 31, 2003 and 2002, respectively. The total number of eligible retirees amounted to 63 individuals during December 31, 2003 and 2002.

**Compensated Absences** - The Division's employees are granted vacation and personal leave in graduated amounts based on length of service. Vacation pay is fully vested when earned. Upon termination, employees are paid accumulated vacation at current salary rates to a limit of 150 percent of their current annual earned vacation. At December 31, 2003 and 2002, the Division has recorded a liability of approximately \$309,000 and \$296,000, respectively, for accumulated vacation leave.

**Unearned Leases** - Unearned leases represent cash and investments and construction in progress recorded on the Division's books, belonging to the municipalities participating in the water collection and sewage disposal system.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Property, Plant, and Equipment** - Additions to property, plant, and equipment are recorded at cost or, if donated, at their estimated fair value at the time of donation. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income. Depreciation has been calculated on each class of property using the straight-line method based on the estimated useful lives of the assets, as follows:

Land improvements and underground networks	50-100 years
Buildings	50 years
Machinery and equipment	3-15 years



# Genesee County Drain Commissioner

## Division of Water and Waste Services

### Notes to Financial Statements December 31, 2003 and 2002

#### Note 2 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 authorizes the Division to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Division is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications by not less than two standard rating services, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Division in accordance with Public Act 196 of 1997 has authorized investment in certificates of deposit, obligations of U.S. Treasury agencies and instrumentalities, commercial paper rated A-2 by Standard & Poor's Corporation or P-2 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and reverse repurchase agreements, but not the remainder of State statutory authority as listed above.

The Division's deposits and investment policy are in accordance with statutory authority.

At year end, deposits and investments were reported in the basic financial statements in the following categories:

	2003	2002
Cash and cash equivalents	\$ 12,956,659	\$ 17,814,164
Restricted assets	<u>38,922,426</u>	<u>15,215,203</u>
Total	<u>\$ 51,879,085</u>	<u>\$ 33,029,367</u>

# Genesee County Drain Commissioner

## Division of Water and Waste Services

### Notes to Financial Statements December 31, 2003 and 2002

#### Note 2 - Deposits and Investments (Continued)

The breakdown between deposits and investments is as follows:

	2003	2002
Bank deposits (checking and savings accounts and certificates of deposit)	\$ 45,574,888	\$ 27,239,693
Investment in commercial paper	1,330,000	1,495,000
Investment in Federal National Mortgage Association obligations	4,973,547	4,294,024
Petty cash and cash on hand	650	650
Total	<u>\$ 51,879,085</u>	<u>\$ 33,029,367</u>

The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$45,627,999 and \$34,017,071 at December 31, 2003 and 2002, respectively. The County Treasurer is the custodian of the Division's funds along with those of the County itself. The Division's funds are not separately insured. Therefore, the Division is unable to determine the amount of its bank deposits guaranteed by federal depository insurance.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, with securities held by the local governmental unit or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the local governmental unit's name

All investments held at December 31, 2003 and 2002 are classified as Category 2.

The Federal National Mortgage Association obligations are usually not backed by the full faith and credit of the U.S. government, but are generally considered to offer modest credit risks. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

# Genesee County Drain Commissioner

## Division of Water and Waste Services

### Notes to Financial Statements December 31, 2003 and 2002

#### Note 3 - Capital Assets

The following is a summary of proprietary fund-type capital assets at December 31, 2003:

	Balance January 1, 2003	Increases	Decreases	Balance December 31, 2003
Proprietary funds capital assets:				
Enterprise Fund:				
Capital assets not being depreciated:				
Land	\$ 462,688	\$ -	\$ -	\$ 462,688
Construction in progress	14,366,973	22,352,317	(215,070)	36,504,220
Subtotal	14,829,661	22,352,317	(215,070)	36,966,908
Capital assets being depreciated:				
Distribution and collections system	48,426,024	-	-	48,426,024
Buildings and equipment	58,220,079	1,175,479	-	59,395,558
Subtotal	106,646,103	1,175,479	-	107,821,582
Less accumulated depreciation for:				
Distribution and collections system	(6,231,230)	(882,113)	-	(7,113,343)
Buildings and equipment	(13,359,286)	(658,068)	-	(14,017,354)
Subtotal	(19,590,516)	(1,540,181)	-	(21,130,697)
Net capital assets being depreciated	87,055,587	(364,702)	-	86,690,885
Total capital assets - Net of depreciation	101,885,248	21,987,615	(215,070)	123,657,793
Internal Service Fund:				
Capital assets not being depreciated -				
Construction in progress	17,050	162,545	-	179,595
Capital assets being depreciated - Buildings and equipment	4,713,335	779,754	(338,629)	5,154,460
Less accumulated depreciation - Buildings and equipment	(2,271,547)	(491,170)	335,162	(2,427,555)
Net capital assets being depreciated	2,441,788	288,584	(3,467)	2,726,905
Total capital assets - Net of depreciation	2,458,838	451,129	(3,467)	2,906,500
Total proprietary funds capital assets	\$ 104,344,086	\$ 22,438,744	\$ (218,537)	\$ 126,564,293

# Genesee County Drain Commissioner

## Division of Water and Waste Services

### Notes to Financial Statements December 31, 2003 and 2002

#### Note 3 - Capital Assets (Continued)

**Construction Commitments** - The Division has active construction projects at year end. The projects include improvements and extensions to the water and sewage disposal systems. At December 31, 2003, the Division's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Interceptor and treatment facilities	\$ 21,961,269	\$ 16,979,604
Sewage disposal system, District 3	1,037,706	1,035,260
Water supply system	11,991,427	5,770,965
Total	<u>\$ 34,990,402</u>	<u>\$ 23,785,829</u>

#### Note 4 - Bonds Payable

The Division issues bonds to provide for the construction of water and waste systems in Genesee County and certain areas in surrounding counties. General obligation bonds are direct obligations that pledge the full faith and credit of the government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

The following is a summary of bond transactions for the Division for the year ended December 31, 2003:

	Number of Issues	Interest Rate	Maturing Through	Balance January 1, 2003	Additions	Reductions	Balance December 31, 2003	Due Within One Year
Interceptor and treatment facilities	19	2.50%-9.50%	2022	\$ 37,695,000	\$ 9,000,000	\$ (5,530,000)	\$ 41,165,000	\$ 7,390,000
District No. 3	7	3.25%-9.50%	2024	27,600,000	4,000,000	(1,795,000)	29,805,000	1,600,000
District No. 7	2	3.70%-5.60%	2008	650,000	-	(150,000)	500,000	175,000
Water supply system	6	2.50%-8.00%	2008	<u>2,155,000</u>	<u>27,000,000</u>	<u>(460,000)</u>	<u>28,695,000</u>	<u>1,095,000</u>
Total				<u>\$ 68,100,000</u>	<u>\$ 40,000,000</u>	<u>\$ (7,935,000)</u>	<u>\$ 100,165,000</u>	<u>\$ 10,260,000</u>

# Genesee County Drain Commissioner

## Division of Water and Waste Services

### Notes to Financial Statements December 31, 2003 and 2002

#### Note 4 - Bonds Payable (Continued)

Annual debt service requirements to maturity for the above obligations are as follows:

Years Ending December 31	Principal	Interest	Total
2004	\$ 10,260,000	\$ 4,477,742	\$ 14,737,742
2005	7,530,000	4,030,730	11,560,730
2006	6,380,000	3,729,833	10,109,833
2007	6,395,000	3,436,639	9,831,639
2008	6,085,000	3,193,930	9,278,930
2009-2013	23,570,000	12,593,903	36,163,903
2014-2018	23,280,000	6,713,842	29,993,842
2019-2023	16,665,000	6,504,643	23,169,643
Total	<u>\$ 100,165,000</u>	<u>\$ 44,681,262</u>	<u>\$ 144,846,262</u>

#### Note 5 - Pension Plan

**Plan Description** - The Division participates in the Genesee County Employees' Retirement System (GCERS), which is a contributory agent multiemployer defined benefit plan providing for pension and disability benefits for substantially all Genesee County employees. Each employer has the ability to negotiate and/or establish benefits through personnel policies. The authority to establish and amend the benefit provisions of the plan is governed by Act No. 156, Public Acts of 1851, as amended by the State of Michigan. The GCERS issues a publicly available financial report that includes financial statements and required supplementary information for the Division. That report may be obtained by writing to Genesee County Employees' Retirement System, 1101 Beach, Flint, MI 48502 or by calling 1-800-949-2627.

**Funding Policy** - The County's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost is determined using an attained age actuarial funding method.

# Genesee County Drain Commissioner

## Division of Water and Waste Services

### Notes to Financial Statements December 31, 2003 and 2002

#### Note 5 - Pension Plan (Continued)

**Annual Pension Cost** - During 2003 and 2002, the Division's annual pension cost of \$316,445 and \$175,711, respectively, was equal to the Division's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8 percent per year compounded annually, and (b) projected salary increases of 5.00 percent to 9.03 percent per year compounded annually. Both (a) and (b) included an inflation component of 5.00 percent. The actuarial value of the Division's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The Division's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2003 and 2002 was 20 years and 9 years, respectively.

#### Schedule of Employer Contributions

Fiscal Year Ended December 31	Valuation Date December 31	Contribution Rate as Percentage of Valuation Payroll	Required Contribution	Actual Reported Contribution
2001	1999	2.08	\$ 100,793	\$ 100,793
2002	2000	3.02	175,711	175,711
2003	2001	4.71	316,445	316,445

# Genesee County Drain Commissioner

## Division of Water and Waste Services

### Notes to Financial Statements December 31, 2003 and 2002

#### Note 5 - Pension Plan (Continued)

##### Schedule of Funding Progress

						(UAAL) as a Percentage of Covered Payroll ((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Valuation Payroll (c)	
2000*	\$ 35,107,000	\$ 30,384,000	\$ (4,723,000)	115.5	\$ 5,012,000	(94.2)
2001*	35,333,000	31,210,000	(4,123,000)	113.2	5,452,000	(75.6)
2002*	34,360,035	34,969,330	609,295	98.3	6,452,516	9.4
2003*	33,620,996	35,846,959	2,225,963	93.8	7,462,807	29.8

\* After changes in actuarial assumptions and/or benefit changes

#### Note 6 - Risk Management

The Division is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Division has purchased commercial insurance for all claims. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

#### Note 7 - Contingencies and Commitments

Various claims and lawsuits are pending against the Division. One such lawsuit relates to the County Capital Improvement Fees (CCIF) reported in the I&T Division and the Water Division. These fees represent charges for connection to the water and sewer systems in relation to system expansion. The plaintiff seeks to prevent the Division from continuing to collect the CCIF fees and to refund the CCIF fees already collected. The Division has collected approximately \$9,579,000 as of December 31, 2003. A judgment in Circuit Court has been rendered in favor of the Division. This judgment has been moved to the Appellate Court. The outcome of the appeal is uncertain. Therefore, no liability has been recognized in the financial statements. All other claims and lawsuits, in the opinion of management, will not have a significant effect on the Division's financial statements.

# **Genesee County Drain Commissioner**

## **Division of Water and Waste Services**

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### **Notes to Financial Statements**

#### **December 31, 2003 and 2002**

#### **Note 8 - Special Item**

**Charge for Water Held in Escrow** - During the year ended December 31, 2002, the Division withheld payment on the markup portion of the City of Flint's water invoices. The Division withheld payment until an agreement on a new markup percentage could be reached. The funds were placed in escrow and recorded as a liability at December 31, 2002. During the current year, an agreement was reached with the City of Flint on a new markup percentage and the funds were disbursed.



## **Supplemental Information**

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# Genesee County Drain Commissioner

## Division of Water and Waste Services

### Statement of Net Assets (Divisional Detail) - Enterprise Fund

	December 31					
	2003					2002
	Interceptor and Treatment Facilities	Sewage Disposal Systems District No. 3	District No. 7	Water Supply Systems	Total	Total
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 9,686,608	\$ 30,710	\$ 76,985	\$ 3,048,271	\$ 12,842,574	\$ 17,188,717
Accounts receivable	1,378,546	380,912	33,735	1,432,034	3,225,227	2,659,415
Internal balances	-	-	-	-	-	8,263
Due from other governmental units	-	-	-	42,514	42,514	55,741
Leases receivable	4,225,000	1,600,000	175,000	465,000	6,465,000	7,005,000
Inventory	-	-	-	5,860	5,860	14,902
Total current assets	15,290,154	2,011,622	285,720	4,993,679	22,581,175	26,932,038
Noncurrent assets:						
Restricted cash and cash equivalents	16,681,965	1,327,034	1,274	20,912,153	38,922,426	15,215,203
Due from other governmental units	467,000	302,000	-	966,219	1,735,219	768,167
Leases receivable	12,125,000	28,205,000	325,000	1,230,000	41,885,000	44,545,000
Local unit construction in progress	63,099	-	-	604,082	667,181	-
Capital assets:						
Land and other assets not being depreciated	21,138,157	1,374,881	-	14,453,870	36,966,908	14,829,661
Buildings and equipment - Net of depreciation	77,004,611	1,386	-	9,684,888	86,690,885	87,055,587
Total noncurrent assets	127,479,832	31,210,301	326,274	47,851,212	206,867,619	162,413,618
Total assets	142,769,986	33,221,923	611,994	52,844,891	229,448,794	189,345,656
<b>Liabilities</b>						
Current liabilities:						
Accounts payable and accrued expenses	2,121,222	97,501	72,640	860,001	3,151,364	1,747,994
Due to other governmental units	-	-	-	16,540	16,540	1,658,463
Unearned leases	63,705	2,437,841	1,274	720,951	3,223,771	1,449,126
Bonds payable	7,390,000	1,600,000	175,000	1,095,000	10,260,000	7,740,000
Total current liabilities	9,574,927	4,135,342	248,914	2,692,492	16,651,675	12,595,583
Noncurrent liabilities:						
Liabilities related to restricted assets	818,370	264,074	-	1,356,702	2,439,146	1,489,407
Internal balances	(418,042)	(351)	(37)	(418,015)	(836,445)	(1,188,316)
Deferred revenue	-	-	-	150,602	150,602	172,116
Bonds payable - Net of current portion	33,775,000	28,205,000	325,000	27,600,000	89,905,000	60,360,000
Total noncurrent liabilities	34,175,328	28,468,723	324,963	28,689,289	91,658,303	60,833,207
Total liabilities	43,750,255	32,604,065	573,877	31,381,781	108,309,978	73,428,790
<b>Net Assets</b>						
Invested in capital assets - Net of related debt	81,903,078	-	-	12,479,398	94,382,476	91,501,712
Restricted for capital outlay	5,996,889	-	-	4,561,723	10,558,612	5,363,971
Restricted for debt service	663,816	-	-	79,499	743,315	600,906
Unrestricted	10,455,948	617,858	38,117	4,342,490	15,454,413	18,450,277
Total net assets	\$ 99,019,731	\$ 617,858	\$ 38,117	\$ 21,463,110	\$ 121,138,816	\$ 115,916,866

# Genesee County Drain Commissioner

## Division of Water and Waste Services

### Statement of Revenue, Expenses, and Changes in Net Assets (Divisional Detail) - Enterprise Fund

	Year Ended December 31					
	2003					2002
	Interceptor and Treatment Facilities	Sewage Disposal Systems		Water Supply Systems	Total	Total
		District No. 3	District No. 7			
<b>Operating Revenue</b>						
Sewage disposal service	\$ 13,021,390	\$ 2,184,143	\$ 594,490	\$ -	\$ 15,800,023	\$ 15,397,896
Billing services	48,135	1,613	1,336	28,708	79,792	77,989
Sewer and pumping station - Operation and maintenance	575,691	-	-	-	575,691	567,215
Inspection fees	18,047	-	-	-	18,047	20,167
Water sales	100,000	-	-	12,123,273	12,223,273	11,205,098
Water meter sales	-	-	-	115,150	115,150	133,233
Other operating revenue	539,421	2,262	1,625	145,323	688,631	735,317
Total operating revenue	14,302,684	2,188,018	597,451	12,412,454	29,500,607	28,136,915
<b>Operating Expenses</b>						
Personnel services	5,986,157	1,527,940	289,766	1,616,840	9,420,703	8,304,517
Contractual services	644,395	43,125	18,538	233,378	939,436	749,429
Sludge disposal service	749,081	204,903	-	-	953,984	1,165,595
Cost of water	-	-	-	8,338,065	8,338,065	5,991,493
Repairs and maintenance	1,177,718	273,168	153,987	363,777	1,968,650	2,997,357
Utilities	1,792,502	323,707	99,239	275,025	2,490,473	2,549,546
Other supplies and expense	1,017,559	198,672	48,471	554,987	1,819,689	1,890,042
Insurance claims and expenses	291,583	37,874	17,774	124,881	472,112	407,412
Depreciation	1,433,345	693	-	106,143	1,540,181	1,415,570
Total operating expenses	13,092,340	2,610,082	627,775	11,613,096	27,943,293	25,470,961
<b>Operating Income (Loss)</b>	1,210,344	(422,064)	(30,324)	799,358	1,557,314	2,665,954
<b>Nonoperating Revenue (Expense)</b>						
Interest and investment revenue	439,164	7,728	507	143,830	591,229	671,762
Miscellaneous revenue	2,253,742	-	-	1,723,700	3,977,442	3,960,719
Interest expense	(796,609)	-	-	(107,426)	(904,035)	(538,916)
Total nonoperating revenue	1,896,297	7,728	507	1,760,104	3,664,636	4,093,565
<b>Income (Loss) - Before special item</b>	3,106,641	(414,336)	(29,817)	2,559,462	5,221,950	6,759,519
<b>Special Item</b> - Charge for water used in prior years	-	-	-	-	-	(1,534,938)
<b>Change in Net Assets</b>	3,106,641	(414,336)	(29,817)	2,559,462	5,221,950	5,224,581
<b>Net Assets</b> - Beginning of year	95,913,090	1,032,194	67,934	18,903,648	115,916,866	110,692,285
<b>Net Assets</b> - End of year	\$ 99,019,731	\$ 617,858	\$ 38,117	\$ 21,463,110	\$ 121,138,816	\$ 115,916,866

# Genesee County Drain Commissioner

## Division of Water and Waste Services

### Statement of Cash Flows (Divisional Detail) - Enterprise Fund

	Year Ended December 31					
	2003					2002
	Interceptor and Treatment Facilities	Sewage Disposal Systems		Water Supply Systems	Total	Total
		District No. 3	District No. 7			
<b>Cash Flows from Operating Activities</b>						
Cash received from customers	\$ 14,386,815	\$ 2,202,081	\$ 597,003	\$ 12,109,030	\$ 29,294,929	\$ 29,093,280
Cash payments to suppliers and others for goods and services	(4,955,658)	(1,138,604)	(288,400)	(10,854,845)	(17,237,507)	(15,779,340)
Cash payments to employees	(5,986,157)	(1,527,940)	(289,766)	(1,616,840)	(9,420,703)	(8,304,517)
Net cash provided by (used in) operating activities	3,445,000	(464,463)	18,837	(362,655)	2,636,719	5,009,423
<b>Cash Flows from Capital and Related Financing Activities</b>						
Purchases of capital assets	(10,850,311)	-	-	(11,528,067)	(22,378,378)	(10,876,535)
Capital contributions from communities	(265,442)	438,545	-	-	173,103	705,149
County capital improvement fees	2,229,569	-	-	1,643,295	3,872,864	4,026,861
Collections of leases receivable from municipalities	5,702,393	(773,151)	177,913	551,258	5,658,413	10,568,843
Proceeds from issuance of revenue bond	9,000,000	4,000,000	-	27,000,000	40,000,000	11,000,000
Principal paid on bond maturities	(5,530,000)	(1,795,000)	(150,000)	(460,000)	(7,935,000)	(9,000,000)
Interest paid on bonds	(1,704,002)	(1,431,849)	(27,913)	(111,199)	(3,274,963)	(3,152,759)
Administrative costs associated with bond issues	24,173	-	-	(7,080)	17,093	(67,490)
Net cash provided by (used in) capital and related financing activities	(1,393,620)	438,545	-	17,088,207	16,133,132	3,204,069
<b>Cash Flows from Investing Activities - Investment income</b>	439,164	7,728	507	143,830	591,229	671,762
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	2,490,544	(18,190)	19,344	16,869,382	19,361,080	8,885,254
<b>Cash and Cash Equivalents - Beginning of year</b>	23,878,029	1,375,934	58,915	7,091,042	32,403,920	23,518,666
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 26,368,573</u>	<u>\$ 1,357,744</u>	<u>\$ 78,259</u>	<u>\$ 23,960,424</u>	<u>\$ 51,765,000</u>	<u>\$ 32,403,920</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>						
Operating income (loss)	\$ 1,210,344	\$ (422,064)	\$ (30,324)	\$ 799,358	\$ 1,557,314	\$ 2,665,954
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation	1,433,345	693	-	106,143	1,540,181	1,415,570
Special item - Charge for water used and held in escrow	-	-	-	-	-	(1,534,938)
Changes in assets and liabilities:						
Accounts receivable	(96,363)	(288,511)	(515)	(482,423)	(867,812)	589,940
Inventories	-	-	-	9,042	9,042	3,554
Accounts payable, accrued expenses, and deferred revenue	828,365	245,182	49,596	1,208,452	2,331,595	549,472
Internal balances	180,494	574	80	178,999	360,147	366,194
Due to/from other governmental units - Net	(111,185)	(337)	-	(2,182,226)	(2,293,748)	953,677
Net cash provided by (used in) operating activities	<u>\$ 3,445,000</u>	<u>\$ (464,463)</u>	<u>\$ 18,837</u>	<u>\$ (362,655)</u>	<u>\$ 2,636,719</u>	<u>\$ 5,009,423</u>

# Genesee County Drain Commissioner

## Division of Water and Waste Services

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Description of Issue	Principal Outstanding January 1, 2003	Issued (Retired) During the Year	Principal Outstanding December 31, 2003
Total Interceptor and Treatment Facilities (Pages 37-42)	\$ 37,695,000	\$ 3,470,000	\$ 41,165,000
Total District No. 3 (Pages 43-44)	27,600,000	2,205,000	29,805,000
District No. 7 - 4.00% to 5.60% Sewage Disposal System Refunding Bonds dated March 1, 1994 in the original amount of \$775,000. Due serially in amounts ranging from \$75,000 to \$100,000 through 2004	175,000	(75,000)	100,000
District No. 7 - 3.700% to 4.500% Sewage Disposal System Facility Bonds dated June 1, 1999 in the amount of \$675,000. Due serially in amounts ranging from \$50,000 to \$100,000 through 2008	475,000	(75,000)	400,000
Total Water Supply Systems (Pages 45-46)	2,155,000	26,540,000	28,695,000
Total	<u>\$ 68,100,000</u>	<u>\$ 32,065,000</u>	<u>\$ 100,165,000</u>

## Summary of Bonds Payable Year Ended December 31, 2003

		Principal and Interest Requirements						
		2004	2005	2006	2007	2008	Later	Total
Principal	\$	7,390,000	\$ 4,740,000	\$ 3,420,000	\$ 3,330,000	\$ 2,960,000	\$ 19,325,000	\$ 41,165,000
Interest		1,675,228	1,426,347	1,255,543	1,096,636	952,555	4,508,018	10,914,327
Principal		1,600,000	1,745,000	1,890,000	1,970,000	1,975,000	20,625,000	29,805,000
Interest		1,460,409	1,376,940	1,284,107	1,183,527	1,129,809	5,862,487	12,297,279
Principal		100,000	-	-	-	-	-	100,000
Interest		2,800	-	-	-	-	-	2,800
Principal		75,000	75,000	75,000	75,000	100,000	-	400,000
Interest		17,250	14,175	11,025	12,300	4,500	-	59,250
Principal		1,095,000	970,000	995,000	1,020,000	1,050,000	23,565,000	28,695,000
Interest		1,322,055	1,213,268	1,179,158	1,144,176	1,107,066	15,441,883	21,407,606
Principal		10,260,000	7,530,000	6,380,000	6,395,000	6,085,000	63,515,000	100,165,000
Interest		4,477,742	4,030,730	3,729,833	3,436,639	3,193,930	25,812,388	44,681,262
	\$	14,737,742	\$ 11,560,730	\$ 10,109,833	\$ 9,831,639	\$ 9,278,930	\$ 89,327,388	\$ 144,846,262

# Genesee County Drain Commissioner Division of Water and Waste Services

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Description of Issue	Principal Outstanding January 1, 2003	Issued (Retired) During the Year	Principal Outstanding December 31, 2003
Total Genesee County Drain Commissioner bonds payable: Included in Interceptor and Treatment Facilities	\$ 16,550,000	\$ 8,265,000	\$ 24,815,000
Included in Water Supply System	-	27,000,000	27,000,000
Subtotal	16,550,000	35,265,000	51,815,000
Total community-related bonds payable	51,550,000	(3,200,000)	48,350,000
Total	<u>\$ 68,100,000</u>	<u>\$ 32,065,000</u>	<u>\$ 100,165,000</u>

## Summary of Bonds Payable (Continued)

### Year Ended December 31, 2003

		Principal and Interest Requirements					
		2004	2005	2006	2007	2008	Later
							Total
Principal	\$	3,165,000	\$ 1,695,000	\$ 1,275,000	\$ 1,320,000	\$ 1,415,000	\$ 15,945,000
Interest		973,076	889,390	832,794	782,877	727,322	3,554,238
Principal		630,000	655,000	685,000	715,000	750,000	23,565,000
Interest		1,252,500	1,162,023	1,142,623	1,122,323	1,099,798	15,441,883
Principal		3,795,000	2,350,000	1,960,000	2,035,000	2,165,000	39,510,000
Interest		2,225,576	2,051,413	1,975,417	1,905,200	1,827,120	18,996,121
Principal		6,465,000	5,180,000	4,420,000	4,360,000	3,920,000	24,005,000
Interest		2,252,166	1,979,317	1,754,416	1,531,439	1,366,810	6,816,267
Principal		10,260,000	7,530,000	6,380,000	6,395,000	6,085,000	63,515,000
Interest		4,477,742	4,030,730	3,729,833	3,436,639	3,193,930	25,812,388
	<b>\$</b>	<b>14,737,742</b>	<b>\$ 11,560,730</b>	<b>\$ 10,109,833</b>	<b>\$ 9,831,639</b>	<b>\$ 9,278,930</b>	<b>\$ 89,327,388</b>
							<b>\$ 144,846,262</b>



# Genesee County Drain Commissioner

## Division of Water and Waste Services

Description of Issue	Principal Outstanding January 1, 2003	Issued (Retired) During the Year	Principal Outstanding December 31, 2003
3.50% to 4.70% County of Genesee Sanitary Sewage Disposal System (Interceptor and Treatment Facilities) Revenue Bonds, Series 2002A dated 5-1-02 in the original amount of \$11,000,000. Due serially in various amounts ranging from \$485,000 to \$1,020,000 through 2017	\$ 11,000,000	\$ (485,000)	\$ 10,515,000
2.00% to 4.50% County of Genesee Sanitary Sewage Disposal System (Western Trunk Relief Sewer) Revenue Bonds, Series 2003 dated 8-1-03 in the original amount of \$9,000,000. Due serially in various amounts ranging from \$350,000 to \$2,350,000 through 2018	-	9,000,000	9,000,000
5.75% to 7.75% Genesee County Refunding Bonds - Mundy Township dated 9/1/78 in the original amount of \$1,930,000. Due serially in amounts ranging from \$115,000 to \$145,000 through 2003	145,000	(145,000)	-
5.00% to 6.50% Lennon Area System dated 9/1/78 in the original amount of \$1,960,000. Due serially in amounts of \$150,000 through 2003	150,000	(150,000)	-
6.30% to 9.30% Richfield Township - Coldwater-State Road Section dated 10/1/90 in the original amount of \$350,000. Due serially in amounts ranging from \$30,000 to \$45,000 through 2003	45,000	(45,000)	-
2.50% to 5.00% System No. 1 Main Interceptor and Branches dated 9/1/65 in the original amount of \$13,000,000. Due serially in amounts ranging from \$550,000 to \$600,000 through 2004	1,200,000	(600,000)	600,000
6.00% Swartz Creek Interceptor dated 11/1/69 in the original amount of \$2,400,000. Due serially in amounts ranging from \$100,000 to \$125,000 through 2004	250,000	(125,000)	125,000
4.00% to 6.00% Grand Blanc Township Laterals - Series 1972 dated 9/1/72 in the original amount of \$5,200,000. Due serially in amounts ranging from \$250,000 to \$300,000 through 2004	600,000	(300,000)	300,000
6.00% System No. 6 South Section dated 11/1/69 in the original amount of \$1,845,000. Due serially in amounts ranging from \$75,000 to \$100,000 through 2004	200,000	(100,000)	100,000

**Schedule of Bonds Payable  
Interceptor and Treatment Facilities  
Year Ended December 31, 2003**

		Principal and Interest Requirements							
		2004	2005	2006	2007	2008	Later	Total	
Principal	\$	515,000	\$ 545,000	\$ 575,000	\$ 605,000	\$ 640,000	\$ 7,635,000	\$	10,515,000
Interest		429,454	410,768	390,672	368,755	344,460	1,807,112		3,751,221
Principal		2,350,000	850,000	350,000	365,000	375,000	4,710,000		9,000,000
Interest		280,622	233,622	216,622	209,622	200,862	1,169,126		2,310,476
Principal		-	-	-	-	-	-		-
Interest		-	-	-	-	-	-		-
Principal		-	-	-	-	-	-		-
Interest		-	-	-	-	-	-		-
Principal		-	-	-	-	-	-		-
Interest		-	-	-	-	-	-		-
Principal		600,000	-	-	-	-	-		600,000
Interest		7,500	-	-	-	-	-		7,500
Principal		125,000	-	-	-	-	-		125,000
Interest		3,750	-	-	-	-	-		3,750
Principal		300,000	-	-	-	-	-		300,000
Interest		6,000	-	-	-	-	-		6,000
Principal		100,000	-	-	-	-	-		100,000
Interest		3,000	-	-	-	-	-		3,000

# Genesee County Drain Commissioner

## Division of Water and Waste Services

Description of Issue	Principal Outstanding January 1, 2003	Issued (Retired) During the Year	Principal Outstanding December 31, 2003
4.40% to 5.00% Flint Township Arm dated 6/1/67 in the original amount of \$4,500,000. Due serially in amounts of \$200,000 through 2005	\$ 600,000	\$ (200,000)	\$ 400,000
4.00% to 7.50% Flint Township Lateral System - Series 1971 dated 6/1/71 in the original amount of \$7,000,000. Due serially in amounts ranging from \$300,000 to \$400,000 through 2005	1,150,000	(350,000)	800,000
4.00% to 7.50% Flint Township Lateral System - Series 1972 dated 5/1/72 in the original amount of \$5,500,000. Due serially in amounts ranging from \$250,000 to \$300,000 through 2005	900,000	(300,000)	600,000
3.90% to 4.45% Sewage Disposal System No. 5, Village of Goodrich Refunding Bonds, dated 6/1/98 in the original amount of \$1,155,000. Due serially in amounts ranging from \$140,000 to \$155,000 through 2006	580,000	(145,000)	435,000
5.00% to 7.00% Mt. Morris Township Local Sewer System dated 10/1/68 in the original amount of \$6,400,000. Due serially in various amounts through 2007	1,375,000	(275,000)	1,100,000
3.90% to 4.55% Sewage Disposal Refunding Bonds (Genesee Township) dated 7/1/98 in the original amount of \$3,175,000. Due serially in various amounts through 2008	1,830,000	(315,000)	1,515,000
4.00% to 5.50% Davison Township Sub-Truck System dated 6/1/68 in the original amount of \$2,300,000. Due serially in amounts ranging from \$75,000 to \$100,000 through 2008	575,000	(75,000)	500,000
5.00% Davison Township Lateral System dated 6/1/68 in the original amount of \$970,000. Due serially in amounts ranging from \$35,000 to \$40,000 through 2008	240,000	(40,000)	200,000

**Schedule of Bonds Payable  
Interceptor and Treatment Facilities (Continued)  
Year Ended December 31, 2003**

		Principal and Interest Requirements								
		2004	2005	2006	2007	2008	Later	Total		
Principal	\$	200,000	\$	200,000	\$	-	\$	-	\$	400,000
Interest		13,800		4,600		-		-		18,400
Principal		400,000		400,000		-		-		800,000
Interest		24,000		8,000		-		-		32,000
Principal		300,000		300,000		-		-		600,000
Interest		18,000		6,000		-		-		24,000
Principal		140,000		145,000		150,000		-		435,000
Interest		19,075		13,055		6,675		-		38,805
Principal		275,000		275,000		275,000		-		1,100,000
Interest		56,788		40,562		24,338		8,113		129,801
Principal		310,000		305,000		305,000		300,000		295,000
Interest		60,050		46,826		33,482		20,097		13,422
Principal		100,000		100,000		100,000		100,000		-
Interest		19,350		14,450		10,000		6,000		2,000
Principal		40,000		40,000		40,000		40,000		-
Interest		9,000		7,000		5,000		3,000		1,000
										200,000
										25,000

# Genesee County Drain Commissioner

## Division of Water and Waste Services

Description of Issue	Principal Outstanding January 1, 2003	Issued (Retired) During the Year	Principal Outstanding December 31, 2003
4.00% to 6.00% City of Burton Arm (Burton Township Arm) dated 1/1/68 and 4/1/69 in the original amounts of \$7,100,000 and \$3,400,000, respectively. Due serially in various amounts ranging from \$215,000 to \$515,000 through 2008	\$ 1,290,000	\$ (515,000)	\$ 775,000
4.00% to 6.00% City of Burton Lateral System (Burton Township Lateral System) dated 1/1/68 and 4/1/69 in the original amounts of \$3,660,000 and \$2,340,000, respectively. Due serially in various amounts ranging from \$230,000 to \$280,000 through 2008	1,490,000	(270,000)	1,220,000
4.00% to 5.50% Southeast Extension to System No. 2 dated 10/1/68 in the original amount of \$2,500,000. Due serially in amounts of \$100,000 through 2008	600,000	(100,000)	500,000
5.70% to 6.00% Vienna Township Arm dated 2/1/69 in the original amount of \$4,350,000. Due serially in amounts ranging from \$175,000 to \$200,000 through 2008	1,200,000	(200,000)	1,000,000
3.75% to 4.75% Sewage Disposal System Refunding Bonds dated 7/1/98 in the original amount of \$3,335,000. Due serially in amounts ranging from \$315,000 to \$330,000 through 2010	2,025,000	(320,000)	1,705,000
5.00% to 7.00% Mt. Morris Township - Frances/Webster Road Section dated 10/1/96 in the original amount of \$1,475,000. Due serially in amounts ranging from \$75,000 to \$150,000 through 2012	1,100,000	(100,000)	1,000,000
4.00% to 5.00% Full Faith and Credit Revenue Bonds, Series 2000, dated 8/31/00 in the amount of \$6,000,000. Due serially in amounts ranging from \$200,000 to \$600,000 through 2014	5,550,000	(250,000)	5,300,000
4.95% to 5.70% Mt. Morris Township Sewer Program Series 1999, dated 12/1/99 in the amount of \$3,800,000. Due serially in amounts ranging from \$100,000 to \$300,000 through 2019	3,600,000	(125,000)	3,475,000
Total	<u>\$ 37,695,000</u>	<u>\$ 3,470,000</u>	<u>\$ 41,165,000</u>

**Schedule of Bonds Payable  
Interceptor and Treatment Facilities (Continued)  
Year Ended December 31, 2003**

		Principal and Interest Requirements							
		2004	2005	2006	2007	2008	Later	Total	
Principal	\$	215,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ -	\$	775,000
Interest		36,150	26,950	23,100	11,550	3,850	-		101,600
Principal		280,000	280,000	280,000	280,000	100,000	-		1,220,000
Interest		54,000	39,680	32,520	19,860	2,750	-		148,810
Principal		100,000	100,000	100,000	100,000	100,000	-		500,000
Interest		19,350	14,450	10,000	6,000	2,000	-		51,800
Principal		200,000	200,000	200,000	200,000	200,000	-		1,000,000
Interest		53,100	41,300	29,500	17,700	5,900	-		147,500
Principal		315,000	310,000	305,000	300,000	295,000	180,000		1,705,000
Interest		68,270	54,990	41,615	28,230	14,918	8,325		216,348
Principal		100,000	100,000	100,000	100,000	100,000	500,000		1,000,000
Interest		47,500	42,500	37,500	32,500	27,500	53,750		241,250
Principal		300,000	300,000	350,000	350,000	400,000	3,600,000		5,300,000
Interest		263,000	245,000	225,500	204,500	182,000	578,000		1,698,000
Principal		125,000	150,000	150,000	175,000	175,000	2,700,000		3,475,000
Interest		183,469	176,594	169,019	160,709	151,893	891,705		1,733,389
Principal		7,390,000	4,740,000	3,420,000	3,330,000	2,960,000	19,325,000		41,165,000
Interest		1,675,228	1,426,347	1,255,543	1,096,636	952,555	4,508,018		10,914,327
	<b>\$</b>	<b>9,065,228</b>	<b>\$ 6,166,347</b>	<b>\$ 4,675,543</b>	<b>\$ 4,426,636</b>	<b>\$ 3,912,555</b>	<b>\$ 23,833,018</b>	<b>\$</b>	<b>52,079,327</b>

# Genesee County Drain Commissioner

## Division of Water and Waste Services

Description of Issue	Principal Outstanding January 1, 2003	Issued (Retired) During the Year	Principal Outstanding December 31, 2003
3.250% to 4.625% Main Interceptor dated 1/1/65 and 10/1/65 in the original amounts of \$1,500,000 and \$225,000, respectively. Due serially in various amounts ranging from \$70,000 to \$90,000 through 2003	\$ 90,000	\$ (90,000)	\$ -
4.00% to 6.00% Fenton Road Arm dated 11/1/72 in the original amount of \$3,500,000. Due serially in amounts of \$200,000 through 2004	400,000	(200,000)	200,000
5.70% to 6.00% Torrey and Ponemah Road Arms dated 6/1/68 in the original amount of \$1,925,000. Due serially in various amounts ranging from \$70,000 to \$80,000 through 2008	480,000	(80,000)	400,000
6.00% to 7.75% Linden System dated 6/1/68 in the original amount of \$900,000. Due serially in various amounts through 2008	230,000	(230,000)	-
5.20% to 7.00% Sewage Disposal System Bonds, Series 1996A in the original amount of \$17,445,000. Due serially in amounts ranging from \$280,000 to \$1,400,000 through 2016	16,265,000	(695,000)	15,570,000
3.70% to 4.55% Sewage Disposal System Refunding Bonds dated 5/1/98 in the original amount of \$3,370,000. Due serially in amounts ranging from \$280,000 to \$360,000 through 2008	2,145,000	(320,000)	1,825,000
5.00% to 7.375% Rolston and Ripley Road Arms dated 11/1/96 in the original amount of \$1,240,000. Due serially in various amounts ranging from \$25,000 to \$100,000 through 2017	1,175,000	(50,000)	1,125,000
4.50% to 5.00% Sewage Disposal System Bonds dated 7/1/98 in the original amount of \$7,140,000. Due serially in amounts ranging from \$80,000 to \$915,000 through 2019	6,815,000	(130,000)	6,685,000
2.50% to 4.50% Sewage Disposal System Bonds dated 12/1/03 in the original amount of \$4,000,000. Due serially in amounts ranging from \$125,000 to \$250,000 through 2024	-	4,000,000	4,000,000
Total	<u>\$ 27,600,000</u>	<u>\$ 2,205,000</u>	<u>\$ 29,805,000</u>

## Schedule of Bonds Payable - Sewage Disposal Systems District No. 3 Year Ended December 31, 2003

	2004	2005	2006	Principal and Interest Requirements		Later	Total
				2007	2008		
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-
Principal	200,000	-	-	-	-	-	200,000
Interest	4,000	-	-	-	-	-	4,000
Principal	80,000	80,000	80,000	80,000	80,000	-	400,000
Interest	21,240	16,520	11,800	7,800	2,360	-	59,720
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Principal	720,000	950,000	950,000	950,000	1,150,000	10,850,000	15,570,000
Interest	840,375	781,925	723,975	674,338	618,350	2,405,400	6,044,363
Principal	360,000	350,000	395,000	390,000	330,000	-	1,825,000
Interest	80,275	62,975	49,750	23,693	47,385	-	264,078
Principal	50,000	50,000	75,000	75,000	75,000	800,000	1,125,000
Interest	58,512	56,013	52,887	49,138	49,138	210,944	476,632
Principal	190,000	190,000	265,000	325,000	190,000	5,525,000	6,685,000
Interest	322,151	313,482	302,795	288,783	276,551	1,973,309	3,477,071
Principal	-	125,000	125,000	150,000	150,000	3,450,000	4,000,000
Interest	133,856	146,025	142,900	139,775	136,025	1,272,834	1,971,415
Principal	1,600,000	1,745,000	1,890,000	1,970,000	1,975,000	20,625,000	29,805,000
Interest	1,460,409	1,376,940	1,284,107	1,183,527	1,129,809	5,862,487	12,297,279
	<u>\$ 3,060,409</u>	<u>\$ 3,121,940</u>	<u>\$ 3,174,107</u>	<u>\$ 3,153,527</u>	<u>\$ 3,104,809</u>	<u>\$ 26,487,487</u>	<u>\$ 42,102,279</u>



# Genesee County Drain Commissioner

## Division of Water and Waste Services

Description of Issue	Principal Outstanding January 1, 2003	Issued (Retired) During the Year	Principal Outstanding December 31, 2003
2.50% to 4.375% Water Supply System Revenue Bonds dated 8/3/03 in the original amount of \$9,000,000. Due serially in amounts ranging from \$455,000 to \$775,000 through 2018	\$ -	\$ 9,000,000	\$ 9,000,000
4.00% to 4.625% Water Supply System Revenue Bonds dated 10/1/03 in the original amount of \$18,000,000. Due serially and term in amounts ranging from \$175,000 to \$10,495,000 through 2033	-	18,000,000	18,000,000
4.25% to 6.25% Water Supply System Refunding Bonds (Mt. Morris Township Section) dated 3/1/94 in the original amount of \$1,220,000. Due serially in amounts ranging from \$125,000 to \$145,000 through 2003	140,000	(140,000)	-
5.00% to 8.00% Water System No. 4 - Mt. Morris Township - 1975 Extensions dated 11/1/74 in the original amount of \$2,500,000. Due serially in amounts of \$150,000 in 2004	150,000	-	150,000
5.00% to 5.85% Water Supply System No. 2 dated 6/1/68 in the amount of \$420,000. Due serially in amounts of \$15,000 through 2008	90,000	(15,000)	75,000
6.00% to 8.00% Water Supply System No. 4 - Vienna Township 11/21/78 in the original amount of \$790,000. Due serially in amounts of \$40,000 through 2008	240,000	(40,000)	200,000
3.75% to 4.50% Water Supply System Refunding Bonds dated 6/1/98 in the original amount of \$2,545,000. Due serially in amounts ranging from \$245,000 to \$270,000 through 2008	1,535,000	(265,000)	1,270,000
Total	<u>\$ 2,155,000</u>	<u>\$ 26,540,000</u>	<u>\$ 28,695,000</u>

## Schedule of Bonds Payable Water Supply Systems Year Ended December 31, 2003

Principal and Interest Requirements							
	2004	2005	2006	2007	2008	Later	Total
Principal	\$ 455,000	\$ 470,000	\$ 490,000	\$ 510,000	\$ 530,000	\$ 6,545,000	\$ 9,000,000
Interest	317,624	306,061	294,061	281,561	267,236	1,444,156	2,910,699
Principal	175,000	185,000	195,000	205,000	220,000	17,020,000	18,000,000
Interest	934,876	855,962	848,562	840,762	832,562	13,997,727	18,310,451
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Principal	150,000	-	-	-	-	-	150,000
Interest	3,750	-	-	-	-	-	3,750
Principal	15,000	15,000	15,000	15,000	15,000	-	75,000
Interest	3,375	2,625	1,875	1,125	375	-	9,375
Principal	40,000	40,000	40,000	40,000	40,000	-	200,000
Interest	12,420	9,660	6,900	4,140	1,380	-	34,500
Principal	260,000	260,000	255,000	250,000	245,000	-	1,270,000
Interest	50,010	38,960	27,760	16,588	5,513	-	138,831
Principal	1,095,000	970,000	995,000	1,020,000	1,050,000	23,565,000	28,695,000
Interest	1,322,055	1,213,268	1,179,158	1,144,176	1,107,066	15,441,883	21,407,606
	<b>\$ 2,417,055</b>	<b>\$ 2,183,268</b>	<b>\$ 2,174,158</b>	<b>\$ 2,164,176</b>	<b>\$ 2,157,066</b>	<b>\$ 39,006,883</b>	<b>\$ 50,102,606</b>

# **Township of Argentine**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# **Township of Argentine**

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## **Contents**

<b>Report Letter</b>	<b>I</b>
<b>Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Township</b>	<b>2</b>
<b>Schedule of Changes in Bond and Interest Activity</b>	<b>3</b>
<b>Schedule of Fixed Assets</b>	<b>4</b>



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## Independent Auditor's Report

To the Genesee County Drain Commissioner  
Division of Water and Waste Services  
Flint, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Genesee County Drain Commissioner Division of Water and Waste Services (a component unit of Genesee County, Michigan) as of and for the year ended December 31, 2003, and have issued our report thereon dated April 27, 2004, which expressed an unqualified opinion on the statements. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole.

The accompanying schedules, as listed on the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and, accordingly, we express no opinion on it.

*Plante & Moran, PLLC*

April 27, 2004



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**Township of Argentine**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Bonded Indebtedness of Sewer Projects**  
**Serving Areas within the Township**  
**December 31, 2003**

Project	Original Issue	Balance
Genesee County Sewage Disposal Systems:		
Refunding sewage disposal system No. 7	\$ 593,340	\$ 76,560
Sewage treatment expansion	<u>502,132</u>	<u>297,560</u>
Total	<u><u>\$ 1,095,472</u></u>	<u><u>\$ 374,120</u></u>

**Township of Argentine**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Changes in Bond and Interest Activity**  
**Year Ended December 31, 2003**

Bond Issue	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Argentine Township - Refunding sewage disposal system No. 7	\$ 133,980	\$ 57,420	\$ 5,866	\$ 76,560
Argentine Township - Sewage treatment expansion	<u>353,352</u>	<u>55,792</u>	<u>15,064</u>	<u>297,560</u>
Total	<u><u>\$ 487,332</u></u>	<u><u>\$ 113,212</u></u>	<u><u>\$ 20,930</u></u>	<u><u>\$ 374,120</u></u>

**Township of Argentine**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Fixed Assets**  
**December 31, 2003**

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
Argentine Township Sewer System	\$ 6,131,232	\$ 1,287,559	\$ 4,843,673
Land	45,981	-	45,981
Treatment Plant Update 1999	553,608	33,216	520,392
Pump station - McKane Lake	12,681	2,251	10,430
Pump station - Claremont	10,393	1,845	8,548
Pump station - County Line	10,454	1,856	8,598
Total	<u>\$ 6,764,349</u>	<u>\$ 1,326,727</u>	<u>\$ 5,437,622</u>



# **City of Burton**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# City of Burton

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## Contents

Report Letter	I
Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the City	2
Schedule of Changes in Bond and Interest Activity	3
Schedule of Fixed Assets	4



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## Independent Auditor's Report

To the Genesee County Drain Commissioner  
Division of Water and Waste Services  
Flint, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Genesee County Drain Commissioner Division of Water and Waste Services (a component unit of Genesee County, Michigan) as of and for the year ended December 31, 2003, and have issued our report thereon dated April 27, 2004, which expressed an unqualified opinion on the statements. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole.

The accompanying schedules, as listed on the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and, accordingly, we express no opinion on it.

*Plante & Moran, PLLC*

April 27, 2004



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# City of Burton

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the City December 31, 2003

Project	Original Issue	Balance
Genesee County Sewage Disposal System:		
System No. 1 main interceptor and branches	\$ 2,349,350	\$ 98,520
City of Burton arm	10,500,000	775,000
City of Burton lateral system	6,000,000	1,220,000
Total	<u>\$ 18,849,350</u>	<u>\$ 2,093,520</u>

# City of Burton

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003

Bond Issue	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Sewage disposal system No. 1 - Main interceptor	\$ 197,040	\$ 98,520	\$ 4,335	\$ 98,520
City of Burton Arm:				
Sewage disposal system No. 1 - Trunk system series 1	450,000	375,000	10,500	75,000
Sewage disposal system No. 1 - Trunk system series 2	<u>840,000</u>	<u>140,000</u>	<u>42,350</u>	<u>700,000</u>
Total City of Burton Arm	1,290,000	515,000	52,850	775,000
City of Burton Lateral System:				
Lateral system - Series 1	890,000	170,000	37,825	720,000
Lateral system - Series 2	<u>600,000</u>	<u>100,000</u>	<u>30,250</u>	<u>500,000</u>
Total City of Burton Lateral System	<u>1,490,000</u>	<u>270,000</u>	<u>68,075</u>	<u>1,220,000</u>
Total	<u><b>\$ 2,977,040</b></u>	<u><b>\$ 883,520</b></u>	<u><b>\$ 125,260</b></u>	<u><b>\$ 2,093,520</b></u>

# City of Burton

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 1 main interceptor and branches	\$ 2,472,689	\$ 1,088,047	\$ 1,384,642
Belsay Road	128,265	36,235	92,030
City of Burton trunks	13,431,572	3,357,893	10,073,679
City of Burton lateral	6,374,905	1,875,497	4,499,408
Vassar Road Potter to Maple	17,487	4,779	12,708
Total sewage disposal systems	22,424,918	6,362,451	16,062,467
Genesee County Water Supply Systems:			
City of Burton	257,916	81,037	176,879
Southern loop	2,170,709	275,029	1,895,680
Meter pit	91,650	13,752	77,898
Maple/Center/Vassar Roads	610,735	61,074	549,661
Center Road section	88,929	27,941	60,988
Total water supply systems	3,219,939	458,833	2,761,106
Total fixed assets	<u>\$ 25,644,857</u>	<u>\$ 6,821,284</u>	<u>\$ 18,823,573</u>

# **Township of Clayton**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# Township of Clayton

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## Contents

Report Letter	I
Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Township	2
Schedule of Changes in Bond and Interest Activity	3
Schedule of Fixed Assets	4





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## Independent Auditor's Report

To the Genesee County Drain Commissioner  
Division of Water and Waste Services  
Flint, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Genesee County Drain Commissioner Division of Water and Waste Services (a component unit of Genesee County, Michigan) as of and for the year ended December 31, 2003, and have issued our report thereon dated April 27, 2004, which expressed an unqualified opinion on the statements. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole.

The accompanying schedules, as listed on the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and, accordingly, we express no opinion on it.

*Plante & Moran, PLLC*

April 27, 2004



A worldwide association of independent accounting firms

**Township of Clayton**  
**Activity Handled by Genesee County Drain Commissioner**

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**Schedule of Bonded Indebtedness of Sewer Projects**  
**Serving Areas within the Township**  
**December 31, 2003**

Project	Original Issue	Balance
Genesee County Sewage Disposal System:		
System No. 1 main interceptor and branches	\$ 233,071	\$ 9,720
Lennon area system	1,201,480	-
South No. 6 South section	447,007	24,228
Total	<u>\$ 1,881,558</u>	<u>\$ 33,948</u>

**Township of Clayton**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Changes in Bond and Interest Activity**  
**Year Ended December 31, 2003**

Bond Issue	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Sewage disposal system No. 1 - Main interceptor	\$ 19,440	\$ 9,720	\$ 428	\$ 9,720
Lennon area system	91,950	91,950	2,299	-
Sewage disposal system No. 6 - South section	48,456	24,228	2,181	24,228
Total	<u>\$ 159,846</u>	<u>\$ 125,898</u>	<u>\$ 4,908</u>	<u>\$ 33,948</u>

# City of Clayton

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 1 main interceptor and branches	\$ 245,340	\$ 107,956	\$ 137,384
South section	403,994	100,998	302,996
Elms Road extension - Sewer	202,475	55,681	146,794
Court Elms extension	45,100	11,275	33,825
Nichols Road sewer	120,947	20,863	100,084
Cole Creek int.	137,224	32,481	104,743
Potter Road extension	15,930	3,505	12,425
West Heights - Elmcrest extension	259,073	36,270	222,803
Elms Road S.S.	12,312	1,693	10,619
Miller Road force main	23,983	2,998	20,985
South Seymour Road extension	10,047	2,738	7,309
Lennon area project	4,314,480	938,399	3,376,081
Total sewage disposal systems	5,790,905	1,314,857	4,476,048
Genesee County Water Supply Systems:			
Northern loop	60,164	7,472	52,692
Southern loop section	144,156	18,265	125,891
Seymour Road extension	48,578	14,331	34,247
South Elms Road extension - Water	34,958	10,078	24,880
Potter Road extension	153,080	42,985	110,095
Morrish Road extension	155,623	32,945	122,678
Total water supply systems	596,559	126,076	470,483
Total fixed assets	<u>\$ 6,387,464</u>	<u>\$ 1,440,933</u>	<u>\$ 4,946,531</u>

# **City of Clio**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

Report Letter	I
Schedule of Fixed Assets	2



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## Independent Auditor's Report

To the Genesee County Drain Commissioner  
Division of Water and Waste Services  
Flint, Michigan

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*Plante & Moran, PLLC*

April 27, 2004



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# City of Clio

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Water Supply Systems:			
Water system No. 4	\$ 122,094	\$ 36,018	\$ 86,076
Water supply system No. 1:			
Northern loop section	66,435	8,251	58,184
Northern loop Phase IV	<u>47,341</u>	<u>4,259</u>	<u>43,082</u>
Total fixed assets	<u><u>\$ 235,870</u></u>	<u><u>\$ 48,528</u></u>	<u><u>\$ 187,342</u></u>



# **City of Davison**

---

**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# City of Davison

---

## Contents

Report Letter	I
Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the City	2
Schedule of Changes in Bond and Interest Activity	3
Schedule of Fixed Assets	4



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April 27, 2004



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# City of Davison

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the City December 31, 2003

Project	Original Issue	Balance
Genesee County Sewage Disposal Systems - System No. 1 main interceptor and branches	<u>\$ 566,306</u>	<u>\$ 26,220</u>

# City of Davison

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003

	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Bond Issue				
Sewage disposal system No. 1 - Main interceptor	<u>\$ 52,440</u>	<u>\$ 26,220</u>	<u>\$ 1,154</u>	<u>\$ 26,220</u>

# City of Davison

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 1 interceptor and branches	\$ 596,040	\$ 262,273	\$ 333,767
City of Davison north central interceptor	178,328	56,173	122,155
City of Davison comm./int.	<u>77,212</u>	<u>24,322</u>	<u>52,890</u>
Total fixed assets	<u><b>\$ 851,580</b></u>	<u><b>\$ 342,768</b></u>	<u><b>\$ 508,812</b></u>

# **Township of Davison**

---

**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# **Township of Davison**

---

## **Contents**

<b>Report Letter</b>	<b>I</b>
<b>Schedule of Bonded Indebtedness of Sewer and Water Projects Serving Areas within the Township</b>	<b>2</b>
<b>Schedule of Changes in Bond and Interest Activity</b>	<b>3</b>
<b>Schedule of Fixed Assets</b>	<b>4</b>





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*Plante & Moran, PLLC*

April 27, 2004



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# **Township of Davison**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Bonded Indebtedness of Sewer and Water Projects Serving Areas within the Township December 31, 2003**

Project	Original Issue	Balance
Genesee County Sewage Disposal System:		
System No. 1 main interceptor and branches	\$ 1,193,734	\$ 57,000
Davison Township subtrunk system	2,300,000	500,000
Davison Township lateral system	<u>970,000</u>	<u>200,000</u>
Total sewage disposal systems	4,463,734	757,000
Genesee County Water Supply Systems - Water supply system No. 2	<u>420,000</u>	<u>75,000</u>
Total	<u><u>\$ 4,883,734</u></u>	<u><u>\$ 832,000</u></u>

# **Township of Davison**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003**

Bond Issue	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Sewage disposal system No. 1 - Main interceptor	\$ 114,000	\$ 57,000	\$ 2,508	\$ 57,000
Sewage disposal system No. 1 - Subtrunk	575,000	75,000	23,638	500,000
Sewage disposal system No. 1 - Davison Township laterals	240,000	40,000	11,000	200,000
Water supply system No. 2 - Davison Township series 1	<u>90,000</u>	<u>15,000</u>	<u>4,125</u>	<u>75,000</u>
Total	<u><b>\$ 1,019,000</b></u>	<u><b>\$ 187,000</b></u>	<u><b>\$ 41,271</b></u>	<u><b>\$ 832,000</b></u>

**Township of Davison**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Fixed Assets**  
**December 31, 2003**

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 1 main interceptor and branches	\$ 1,256,527	\$ 552,904	\$ 703,623
Davison Township arm	2,863,791	902,094	1,961,697
Davison Township laterals	1,124,268	332,558	791,710
Vassar Road - Potter to Maple	20,569	5,622	14,947
Davison Township system	1,439,799	400,696	1,039,103
Potter Lake extension	587,394	42,097	545,297
Total sewage disposal systems	7,292,348	2,235,971	5,056,377
Genesee County Water Supply Systems:			
Davison Township	481,055	141,911	339,144
South water loop	440,908	55,863	385,045
Maple/Center/Vassar Roads	21,690	2,603	19,087
Total water supply systems	943,653	200,377	743,276
Total fixed assets	<u>\$ 8,236,001</u>	<u>\$ 2,436,348</u>	<u>\$ 5,799,653</u>

# **Township of Deerfield**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# **Township of Deerfield**

---

## **Contents**

<b>Report Letter</b>	<b>I</b>
<b>Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Township</b>	<b>2</b>
<b>Schedule of Changes in Bond and Interest Activity</b>	<b>3</b>
<b>Schedule of Fixed Assets</b>	<b>4</b>



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## Independent Auditor's Report

To the Genesee County Drain Commissioner  
Division of Water and Waste Services  
Flint, Michigan

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*Plante & Moran, PLLC*

April 27, 2004



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**Township of Deerfield**  
**Activity Handled by Genesee County Drain Commissioner**

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**Schedule of Bonded Indebtedness of Sewer Projects**  
**Serving Areas within the Township**  
**December 31, 2003**

Project	Original Issue	Balance
Genesee County Sewage Disposal Systems:		
Refunding sewage disposal system No. 7	\$ 181,660	\$ 23,440
Treatment facility expansion	<u>172,868</u>	<u>102,440</u>
Total	<u><u>\$ 354,528</u></u>	<u><u>\$ 125,880</u></u>



# **Township of Deerfield**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003**

<b>Bond Issue</b>	<b>Principal Balance January 1, 2003</b>	<b>2003 Current Principal Installment</b>	<b>2003 Current Interest Installment</b>	<b>Principal Balance December 31, 2003</b>
Argentine Township - Refunding sewage disposal system No. 7	\$ 41,020	\$ 17,580	\$ 1,796	\$ 23,440
Argentine Township - Sewage treatment expansion	<u>121,648</u>	<u>19,208</u>	<u>5,186</u>	<u>102,440</u>
Total	<u><b>\$ 162,668</b></u>	<u><b>\$ 36,788</b></u>	<u><b>\$ 6,982</b></u>	<u><b>\$ 125,880</b></u>

**Township of Deerfield**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Fixed Assets**  
**December 31, 2003**

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
Land	\$ 14,077	\$ -	\$ 14,077
Argentine Township sewer system	2,032,859	426,900	1,605,959
Plant update 1999	<u>190,589</u>	<u>11,435</u>	<u>179,154</u>
Total fixed assets	<u><b>\$ 2,237,525</b></u>	<u><b>\$ 438,335</b></u>	<u><b>\$ 1,799,190</b></u>

# **City of Fenton**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

Report Letter	I
Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the City	2
Schedule of Changes in Bond and Interest Activity	3
Schedule of Fixed Assets	4



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*Plante & Moran, PLLC*

April 27, 2004



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# City of Fenton

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the City December 31, 2003

Project	Original Issue	Balance
Genesee County Sewage Disposal System:		
System No. 3 main interceptor and branches	\$ 969,795	\$ -
Sewage disposal system No. 3 - 1996-A	9,191,771	8,203,833
Sewage disposal system No. 3 - 1999	3,669,246	3,435,422
Total sewage disposal system	<u>\$ 13,830,812</u>	<u>\$ 11,639,255</u>

# City of Fenton

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003

Bond Issue	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Sewage disposal system No. 3 - Main interceptor and branches	\$ 50,598	\$ 50,598	\$ 900	\$ -
Sewage disposal system No. 3 - 1996A	8,570,028	366,195	468,888	8,203,833
Sewage disposal system No. 3 - 1999	3,502,229	66,807	169,254	3,435,422
Total	<u>\$ 12,122,855</u>	<u>\$ 483,600</u>	<u>\$ 639,042</u>	<u>\$ 11,639,255</u>

# City of Fenton

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 3 main interceptor and branches	\$ 4,522,201	\$ 980,655	\$ 3,541,546
Fenton City arm	142,919	46,449	96,470
Fenton City school arm	491,768	159,825	331,943
Treatment Plant improvements	1,379,307	170,068	1,209,239
Silver Lake Road extension	512,450	98,237	414,213
Fenton Road arm	152,327	37,061	115,266
Bealfred-Owen Road arm	275,002	69,906	205,096
Treatment Plant expansion	13,408,106	537,482	12,870,624
Treatment Plant - Digester dome	182,533	-	182,533
Total sewage disposal systems	21,066,613	2,099,683	18,966,930
Genesee County Water Supply Systems - 1981			
water improvements	564,656	102,598	462,058
Total fixed assets	<u>\$ 21,631,269</u>	<u>\$ 2,202,281</u>	<u>\$ 19,428,988</u>



# **Township of Fenton**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# Township of Fenton

---

## Contents

Report Letter	I
Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Township	2
Schedule of Changes in Bond and Interest Activity	3
Schedule of Fixed Assets	4



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*Plante & Moran, PLLC*

April 27, 2004



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# **Township of Fenton**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Township December 31, 2003**

Project	Original Issue	Balance
Genesee County Sewage Disposal System:		
Main interceptor and treatment plant	\$ 581,325	\$ -
Fenton Road arm	3,500,000	200,000
Torrey-Ponemah arms - Series 1 and 2	1,925,000	400,000
Southwest extension - Refundings	3,370,000	1,825,000
Sewage disposal system No. 3 - 1996-A	5,957,468	5,317,156
Sewage disposal system No. 3 - 1999	2,531,130	2,369,832
Sewage disposal system No. 3 - Ripley/Rolson Roads	1,240,000	1,125,000
Fenton Township Projects	4,000,000	4,000,000
Total sewage disposal system	<u><u>\$ 23,104,923</u></u>	<u><u>\$ 15,236,988</u></u>

**Township of Fenton**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Changes in Bond and Interest Activity**  
**Year Ended December 31, 2003**

Bond Issue	Principal Balance January 1, 2003	2003 Debt Issuance	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Main interceptor - Series 1 and 2	\$ 30,330	\$ -	\$ 30,330	\$ 539	\$ -
Fenton Road arm	400,000	-	200,000	13,500	200,000
Torrey-Ponemah arm - Series 1 and 2	480,000	-	80,000	25,960	400,000
Southwest extension - Refunding	2,145,000	-	320,000	93,875	1,825,000
Sewage disposal No. 3 - 1996A	5,554,498	-	237,342	303,901	5,317,156
Sewage disposal No. 3 - 1999	2,415,917	-	46,085	116,755	2,369,832
Sewage disposal No. 3 - Ripley/ Rolston Roads	1,175,000	-	50,000	61,013	1,125,000
Fenton Township Projects	-	4,000,000	-	-	4,000,000
Total	<u>\$ 12,200,745</u>	<u>\$ 4,000,000</u>	<u>\$ 963,757</u>	<u>\$ 615,543</u>	<u>\$ 15,236,988</u>

# Township of Fenton

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 3 - Main interceptor and branches - 1975	\$ 2,423,183	\$ 949,691	\$ 1,473,492
System No. 3 - Improvements - 1984	3,143,365	681,647	2,461,718
North Road arm	250,298	65,703	184,595
Treatment Plant improvements	2,891,671	359,089	2,532,582
Fenton Road arm	3,517,566	855,824	2,661,742
Silver Lake Road arm	250,256	67,569	182,687
Torrey/Ponnemah arms	2,552,723	806,150	1,746,573
Torrey Beach arm	134,996	42,632	92,364
Bealfred-Owen Road arm	543,334	138,116	405,218
Pinewood Trail grinder pump station	26,300	3,418	22,882
Byram Lake arm	708,528	169,480	539,048
Southwest extension	7,253,309	901,973	6,351,336
Ripley-Rolston Roads	1,330,271	159,632	1,170,639
Silver Lake pump station	26,315	2,632	23,683
Fenton Road-Owen Road arm	125,388	32,914	92,474
Treatment Plant expansion	10,085,839	405,175	9,680,664
Treatment Plant - Digester dome	137,305	-	137,305
Fenton Road Arm Improvements	881,626	-	881,626
Torrey Road Arm Improvements	854,410	-	854,410
Jennings Road Sewer Improvements	121,652	-	121,652
Lakeside Landing Reconstruction	94,642	-	94,642
Total fixed assets	<u>\$ 37,352,977</u>	<u>\$ 5,641,645</u>	<u>\$ 31,711,332</u>

# **Township of Flint**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# **Township of Flint**

---

## **Contents**

<b>Report Letter</b>	<b>I</b>
<b>Schedule of Bonded Indebtedness of Sewer and Water Projects Serving Areas within the Township</b>	<b>2</b>
<b>Schedule of Changes in Bond and Interest Activity</b>	<b>3</b>
<b>Schedule of Fixed Assets</b>	<b>4</b>





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*Plante & Moran, PLLC*

April 27, 2004



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# **Township of Flint**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Bonded Indebtedness of Sewer and Water Projects Serving Areas within the Township December 31, 2003**

Project	Original Issue	Balance
Genesee County Sewage Disposal System:		
System No. 1 main interceptor and branches	\$ 1,983,153	\$ 88,080
Flint Township arm	4,500,000	400,000
Flint Township lateral system - Refunding	3,335,000	1,705,000
Flint Township lateral system - Series 1971	7,000,000	800,000
Flint Township lateral system - Series 1972	5,500,000	600,000
Swartz Creek interceptor	14,523	757
System No. 6 - South section	988,145	53,558
Total sewage disposal systems	23,320,821	3,647,395
Genesee County Water Supply Systems - Water supply system No. 1 - Refunding	2,261,385	1,128,472
Total	<u>\$ 25,582,206</u>	<u>\$ 4,775,867</u>

# Township of Flint

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003

Bond Issue	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Sewage disposal system No. 1 -				
Main interceptor	\$ 176,160	\$ 88,080	\$ 3,876	\$ 88,080
Flint Township arm	600,000	200,000	23,000	400,000
Flint Township lateral system -				
Refunding	2,025,000	320,000	81,445	1,705,000
Sewage disposal system - Flint				
Township lateral - 1971 Series	1,150,000	350,000	39,000	800,000
Sewage disposal system - Flint				
Township lateral - 1972 Series	900,000	300,000	30,000	600,000
Sewage disposal system - Swartz				
Creek interceptor	1,513	756	68	757
Sewage disposal system No. 6 -				
South section	107,116	53,558	4,820	53,558
Water supply system No. 1 -				
Refunding	<u>1,363,940</u>	<u>235,468</u>	<u>54,116</u>	<u>1,128,472</u>
Total	<u>\$ 6,323,729</u>	<u>\$ 1,547,862</u>	<u>\$ 236,325</u>	<u>\$ 4,775,867</u>

# Township of Flint

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 1 main interceptor and branches	\$ 2,087,371	\$ 918,497	\$ 1,168,874
System No. 6 - South section	893,061	223,265	669,796
Flint Township	4,892,915	1,439,496	3,453,419
Flint Township laterals	7,105,421	2,096,099	5,009,322
Flint Township lateral - 1971	5,388,956	1,499,747	3,889,209
Flint Township lateral - 1972	5,516,315	1,112,641	4,403,674
Swartz Creek interceptor	18,006	2,805	15,201
Flushing Road sanitary sewer	14,444	2,047	12,397
Pasadena extension	64,795	16,685	48,110
Beecher Road P.S. relief	85,648	18,843	66,805
Total sewage disposal systems	26,066,932	7,330,125	18,736,807
Genesee County Water Supply Systems:			
Mackin - Flushing - Donaldson	45,993	5,137	40,856
North water loop	60,195	7,476	52,719
South water loop	406,281	51,476	354,805
Lavelle - Pasadena extension	487,656	100,360	387,296
Flushing - Ballenger extension	598,472	108,742	489,730
Water supply system No. 1	9,210,280	2,709,664	6,500,616
Bristol Road	397,058	65,832	331,226
Flushing Road water extension	26,610	4,590	22,020
Bristol Road - Old Taylor Road	116,997	18,720	98,277
Mandeville Park water main	28,632	4,581	24,051
Westside C.U. North Van Slyke	54,499	7,314	47,185
Torrey Road water extension	37,412	9,353	28,059
Pasadena Ave.	19,167	4,792	14,375
Elms Road	77,351	8,638	68,713
Wixom-Donaldson	13,148	3,244	9,904
Total water supply systems	11,579,751	3,109,919	8,469,832
Total fixed assets	<u>\$ 37,646,683</u>	<u>\$ 10,440,044</u>	<u>\$ 27,206,639</u>

# **City of Flushing**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

Report Letter	I
Schedule of Fixed Assets	2



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## Independent Auditor's Report

To the Genesee County Drain Commissioner  
Division of Water and Waste Services  
Flint, Michigan

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*Plante & Moran, PLLC*

April 27, 2004



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# City of Flushing

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Water Supply Systems - Northern loop section	<u>\$ 369,483</u>	<u>\$ 45,890</u>	<u>\$ 323,593</u>



# **Township of Flushing**

---

**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# Township of Flushing

---

## Contents

Report Letter	I
Schedule of Fixed Assets	2



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April 27, 2004



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**Township of Flushing**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Fixed Assets**  
**December 31, 2003**

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
Seymour Road school extension	\$ 65,669	\$ 16,910	\$ 48,759
Cedardale/Sprucedale section	577,542	62,983	514,559
Mt. Morris Road extension	892,875	89,288	803,587
Total sewage disposal systems	1,536,086	169,181	1,366,905
Genesee County Water Supply Systems:			
Water supply system No. 3	562,490	183,765	378,725
Stamac - Turso section	256,311	40,369	215,942
River Ridge extension	415,862	94,941	320,921
Coldwater - McKinley - Woodhaven	463,415	93,471	369,944
Seymour Road extension	152,483	30,756	121,727
Stanley, Turner, Nichols Road extensions	395,033	112,189	282,844
Potter Road extension	153,080	42,862	110,218
Partridge Estates extension	81,857	18,009	63,848
Elmsview subdivision extension	78,717	14,563	64,154
South Water Loop section	259,285	32,851	226,434
Mt. Morris, North Seymour Road extensions	376,356	49,227	327,129
North Water Loop section	22,858	2,839	20,019
Total water supply systems	3,217,747	715,842	2,501,905
Total fixed assets	<u><u>\$ 4,753,833</u></u>	<u><u>\$ 885,023</u></u>	<u><u>\$ 3,868,810</u></u>

# **Township of Gaines**

---

**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# Township of Gaines

---

## Contents

Report Letter	I
Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Township	2
Schedule of Changes in Bond and Interest Activity	3
Schedule of Fixed Assets	4



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*Plante & Moran, PLLC*

April 27, 2004



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# **Township of Gaines**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Township December 31, 2003**

Project	Original Issue	Balance
Genesee County Sewage Disposal Systems - System No. 1 main interceptor and branches	<u>\$ 265,395</u>	<u>\$ 12,240</u>



# **Township of Gaines**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003**

	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Bond Issue				
Sewage disposal system No. 1 - Main interceptor	<u>\$ 24,480</u>	<u>\$ 12,240</u>	<u>\$ 539</u>	<u>\$ 12,240</u>

# Township of Gaines

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 1 main interceptor and branches	\$ 279,411	\$ 122,948	\$ 156,463
Miller Road force main	<u>10,039</u>	<u>1,255</u>	<u>8,784</u>
Total sewage disposal systems	289,450	124,203	165,247
Genesee County Water Supply Systems:			
Miller Road extension	159,178	45,891	113,287
North water loop section	22,163	2,753	19,410
Morrish - Hill Road extension	165,373	23,566	141,807
Van Vleet Road extension	<u>128,488</u>	<u>7,709</u>	<u>120,779</u>
Total water supply systems	<u>475,202</u>	<u>79,919</u>	<u>395,283</u>
Total fixed assets	<u><b>\$ 764,652</b></u>	<u><b>\$ 204,122</b></u>	<u><b>\$ 560,530</b></u>

# **Village of Gaines**

---

**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# Village of Gaines

---

## Contents

Report Letter	I
Schedule of Fixed Assets	2



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*Plante & Moran, PLLC*

April 27, 2004



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# Village of Gaines

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal System - Village of Gaines extension	<u>\$ 2,393,103</u>	<u>\$ 334,924</u>	<u>\$ 2,058,179</u>

# **Township of Genesee**

---

**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# **Township of Genesee**

---

## **Contents**

<b>Report Letter</b>	<b>I</b>
<b>Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Township</b>	<b>2</b>
<b>Schedule of Changes in Bond and Interest Activity</b>	<b>3</b>
<b>Schedule of Fixed Assets</b>	<b>4</b>





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April 27, 2004



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**Township of Genesee**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Bonded Indebtedness of Sewer Projects**  
**Serving Areas within the Township**  
**December 31, 2003**

Project	Original Issue	Balance
Genesee County Sewage Disposal System:		
System No. 1 main interceptor and branches	\$ 1,117,333	\$ 53,520
Genesee Township arm	3,175,000	1,515,000
Southeast extension to system No. 2	<u>2,184,400</u>	<u>436,880</u>
Total sewage disposal systems	<u><u>\$ 6,476,733</u></u>	<u><u>\$ 2,005,400</u></u>

**Township of Genesee**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Changes in Bond and Interest Activity**  
**Year Ended December 31, 2003**

Bond Issue	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Sewer disposal system No. 1 -				
Main interceptor	\$ 107,040	\$ 53,520	\$ 2,355	\$ 53,520
Genesee Township arm -				
Series "A," "B," and "C"	1,830,000	315,000	73,329	1,515,000
Southeast extension	524,256	87,376	21,189	436,880
Total	<u>\$ 2,461,296</u>	<u>\$ 455,896</u>	<u>\$ 96,873</u>	<u>\$ 2,005,400</u>

**Township of Genesee**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Fixed Assets**  
**December 31, 2003**

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 1 main interceptor and branches	\$ 1,176,070	\$ 517,501	\$ 658,569
Southeast extension to system No. 2	2,104,260	619,073	1,485,187
Genesee Township arm	10,869,654	3,197,852	7,671,802
Genesee Township laterals	4,155,523	1,225,879	2,929,644
Mt. Morris - Bray Road	1,330,759	330,427	1,000,332
Total sewage disposal systems	19,636,266	5,890,732	13,745,534
Genesee County Water Supply Systems - Southern loop section	508,237	64,394	443,843
Total fixed assets	<u>\$ 20,144,503</u>	<u>\$ 5,955,126</u>	<u>\$ 14,189,377</u>

# **Village of Goodrich**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# **Village of Goodrich**

---

## **Contents**

<b>Report Letter</b>	<b>I</b>
<b>Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Village</b>	<b>2</b>
<b>Schedule of Changes in Bond and Interest Activity</b>	<b>3</b>
<b>Schedule of Fixed Assets</b>	<b>4</b>



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*Plante & Moran, PLLC*

April 27, 2004

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# **Village of Goodrich**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Village December 31, 2003**

<u>Project</u>	<u>Original Issue</u>	<u>Balance</u>
Genesee County Sewage Disposal System:		
System No. 1 main interceptor and branches	\$ 19,694	\$ 1,500
Village of Goodrich Sanitary Sewer - Refunding	<u>1,155,000</u>	<u>435,000</u>
Total sewage disposal systems	<u><b>\$ 1,174,694</b></u>	<u><b>\$ 436,500</b></u>



# Village of Goodrich

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003

Bond Issue	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Main interceptor	\$ 3,000	\$ 1,500	\$ 66	\$ 1,500
Village of Goodrich section - Refunding	<u>580,000</u>	<u>145,000</u>	<u>25,238</u>	<u>435,000</u>
Total	<u><b>\$ 583,000</b></u>	<u><b>\$ 146,500</b></u>	<u><b>\$ 25,304</b></u>	<u><b>\$ 436,500</b></u>

# Village of Goodrich

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 1 main interceptor and branches	\$ 20,661	\$ 9,092	\$ 11,569
Grand Blanc City/Township arm	15,169	2,171	12,998
Grand Blanc Township arm	36,233	4,634	31,599
Village of Goodrich sanitary sewer	<u>3,612,133</u>	<u>403,475</u>	<u>3,208,658</u>
Total sewage disposal systems	<u><u>\$ 3,684,196</u></u>	<u><u>\$ 419,372</u></u>	<u><u>\$ 3,264,824</u></u>

# **City of Grand Blanc**

---

**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# City of Grand Blanc

---

## Contents

Report Letter	I
Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the City	2
Schedule of Changes in Bond and Interest Activity	3
Schedule of Fixed Assets	4



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*Plante & Moran, PLLC*

April 27, 2004



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# City of Grand Blanc

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the City December 31, 2003

Project	Original Issue	Balance
Genesee County Sewage Disposal Systems - System No. 1 main interceptor and branches	<u>\$ 812,999</u>	<u>\$ 40,200</u>

# City of Grand Blanc

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003

	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Bond Issue				
Sewer disposal system No. 1 - Main interceptor	<u>\$ 80,400</u>	<u>\$ 40,200</u>	<u>\$ 1,769</u>	<u>\$ 40,200</u>

# City of Grand Blanc

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
Main interceptor	\$ 855,746	\$ 376,550	\$ 479,196
Grand Blanc City - Township arm	826,132	293,938	532,194
Grand Blanc City lateral system	<u>1,301,060</u>	<u>425,056</u>	<u>876,004</u>
 Total	 <u><b>\$ 2,982,938</b></u>	 <u><b>\$ 1,095,544</b></u>	 <u><b>\$ 1,887,394</b></u>



# **Township of Grand Blanc**

---

**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# **Township of Grand Blanc**

---

## **Contents**

<b>Report Letter</b>	<b>I</b>
<b>Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Township</b>	<b>2</b>
<b>Schedule of Changes in Bond and Interest Activity</b>	<b>3</b>
<b>Schedule of Fixed Assets</b>	<b>4</b>



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April 27, 2004



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**Township of Grand Blanc**  
**Activity Handled by Genesee County Drain Commissioner**

---

**Schedule of Bonded Indebtedness of Sewer Projects**  
**Serving Areas within the Township**  
**December 31, 2003**

Project	Original Issue	Balance
Genesee County Sewage Disposal Systems:		
System No. 1 main interceptor and branches	\$ 2,268,065	\$ 110,580
Grand Blanc Township lateral series 1972	5,200,000	300,000
Swartz Creek interceptor	<u>856,471</u>	<u>44,607</u>
Total bonded indebtedness	<u><u>\$ 8,324,536</u></u>	<u><u>\$ 455,187</u></u>

**Township of Grand Blanc**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Changes in Bond and Interest Activity**  
**Year Ended December 31, 2003**

Bond Issue	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
System No. 1 - Main interceptor	\$ 221,160	\$ 110,580	\$ 4,866	\$ 110,580
Grand Blanc Township lateral series 1972	600,000	300,000	18,750	300,000
Swartz Creek interceptor	89,215	44,608	4,015	44,607
Total	<u>\$ 910,375</u>	<u>\$ 455,188</u>	<u>\$ 27,631</u>	<u>\$ 455,187</u>

**Township of Grand Blanc**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Fixed Assets**  
**December 31, 2003**

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 1 main interceptor and branches	\$ 2,387,305	\$ 1,050,476	\$ 1,336,829
Grand Blanc City - Township arm	540,694	195,604	345,090
Grand Blanc Township arm - Subtrunk	5,078,511	996,833	4,081,678
Grand Blanc Township laterals	4,638,517	1,202,304	3,436,213
Grand Blanc laterals No. 15 and No. 16	1,209,893	311,547	898,346
Contract No. 20 and No. 21	1,398,692	347,295	1,051,397
Swartz Creek interceptor	1,062,106	377,897	684,209
Grand Blanc Township local sewer system	3,328,434	931,962	2,396,472
Total sewage disposal systems	19,644,152	5,413,918	14,230,234
Genesee County Water Supply Systems:			
Grand Blanc Township water	3,709,752	466,687	3,243,065
Southern loop section	644,030	81,599	562,431
Hill to Reid Road	165,362	20,951	144,411
Phipps & Phipps water main	10,735	1,530	9,205
Saginaw-Baldwin Road	362,495	47,741	314,754
Maple Road/Center to Vassar	610,735	61,074	549,661
Scada system	42,000	21,000	21,000
Fenton Rd. pump station	150,782	19,602	131,180
Total water supply systems	5,695,891	720,184	4,975,707
Total fixed assets	<u>\$ 25,340,043</u>	<u>\$ 6,134,102</u>	<u>\$ 19,205,941</u>

# **Village of Lennon**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# Village of Lennon

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## Contents

Report Letter	I
Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Village	2
Schedule of Changes in Bond and Interest Activity	3
Schedule of Fixed Assets	4





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## Independent Auditor's Report

To the Genesee County Drain Commissioner  
Division of Water and Waste Services  
Flint, Michigan

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*Plante & Moran, PLLC*

April 27, 2004

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# **Village of Lennon**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Village December 31, 2003**

<u>Project</u>	<u>Original Issue</u>	<u>Balance</u>
Genesee County Sewage Disposal System - Lennon area system	<u>\$ 513,259</u>	<u>\$ -</u>

# **Village of Lennon**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003**

	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Bond Issue				
Lennon area system	<u>\$ 38,781</u>	<u>\$ 38,781</u>	<u>\$ 970</u>	<u>\$ -</u>

# Village of Lennon

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal System - Lennon area project	<u>\$ 1,914,418</u>	<u>\$ 416,386</u>	<u>\$ 1,498,032</u>

# **County of Lapeer**

---

**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# County of Lapeer

---

## Contents

Report Letter	I
Schedule of Fixed Assets	2



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*Plante & Moran, PLLC*

April 27, 2004



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# County of Lapeer

## Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal System - Potter Lake extension	<u>\$ 467,363</u>	<u>\$ 33,494</u>	<u>\$ 433,869</u>



# **City of Linden**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# City of Linden

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## Contents

Report Letter	I
Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the City	2
Schedule of Changes in Bond and Interest Activity	3
Schedule of Fixed Assets	4



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April 27, 2004



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# City of Linden

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the City December 31, 2003

Project	Original Issue	Balance
Genesee County Sewage Disposal Systems:		
System No. 3 main interceptor	\$ 173,880	\$ -
Village of Linden arm - Series I	900,000	-
Sewage Disposal System - Series 1996A	2,295,762	2,049,012
Sewage Disposal System - Series 1998	939,624	879,746
Total bonded indebtedness	<u>\$ 4,309,266</u>	<u>\$ 2,928,758</u>

# City of Linden

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003

Bond Issue	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
System No. 3 main interceptor and branches	\$ 9,072	\$ 9,072	\$ 161	\$ -
Village of Linden arm - Series I	230,000	230,000	16,650	-
Sewage Disposal System - Series 1996A	2,140,474	91,462	117,111	2,049,012
Sewage Disposal System - Series 1998	896,854	17,108	43,343	879,746
Total	<u>\$ 3,276,400</u>	<u>\$ 347,642</u>	<u>\$ 177,265</u>	<u>\$ 2,928,758</u>

# City of Linden

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 3 main interceptor and branches	\$ 1,424,559	\$ 344,079	\$ 1,080,480
Treatment plant improvements	447,800	45,390	402,410
Village of Linden system	1,898,744	599,623	1,299,121
Treatment Plant expansion	3,560,345	142,721	3,417,624
Treatment Plant - Digester dome	48,469	-	48,469
Total sewage disposal systems	7,379,917	1,131,813	6,248,104
Genesee County Water Supply System - Village of Linden water system			
	621,865	166,846	455,019
Total fixed assets	<u>\$ 8,001,782</u>	<u>\$ 1,298,659</u>	<u>\$ 6,703,123</u>

# **City of Montrose**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

Report Letter	I
Schedule of Fixed Assets	2





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Division of Water and Waste Services  
Flint, Michigan

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*Plante & Moran, PLLC*

April 27, 2004



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# City of Montrose

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
City of Montrose - Laterals	\$ 1,547,001	\$ 456,365	\$ 1,090,636
Montrose interceptors	386,988	114,161	272,827
City of Montrose extension - 1998	<u>127,332</u>	<u>10,823</u>	<u>116,509</u>
Total sewage disposal systems	2,061,321	581,349	1,479,972
Genesee County Water Supply Systems:			
Southern loop section	144,156	18,265	125,891
North loop - Phase IV	<u>47,341</u>	<u>4,259</u>	<u>43,082</u>
Total water supply systems	<u>191,497</u>	<u>22,524</u>	<u>168,973</u>
Total fixed assets	<u><b>\$ 2,252,818</b></u>	<u><b>\$ 603,873</b></u>	<u><b>\$ 1,648,945</b></u>

# **Township of Montrose**

---

**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# **Township of Montrose**

---

## **Contents**

<b>Report Letter</b>	<b>I</b>
<b>Schedule of Bonded Indebtedness of Water Projects Serving Areas within the Township</b>	<b>2</b>
<b>Schedule of Changes in Bond and Interest Activity</b>	<b>3</b>
<b>Schedule of Fixed Assets</b>	<b>4</b>



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April 27, 2004



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**Township of Montrose**  
**Activity Handled by Genesee County Drain Commissioner**

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**Schedule of Bonded Indebtedness of Water Projects**  
**Serving Areas within the Township**  
**December 31, 2003**

Project	Original Issue	Balance
Genesee County Water Supply Systems - North Loop - Phase IV (Contract)	<u>\$ 270,000</u>	<u>\$ 226,000</u>

**Township of Montrose**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Changes in Bond and Interest Activity**  
**Year Ended December 31, 2003**

	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Bond Issue				
Water Supply North Loop - Phase IV (Contract)	<u>\$ 239,000</u>	<u>\$ 13,000</u>	<u>\$ 12,470</u>	<u>\$ 226,000</u>

**Township of Montrose**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Fixed Assets**  
**December 31, 2003**

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Genesee County Sewage Disposal System - Montrose Vienna Road section	\$ 73,737	\$ 17,454	\$ 56,283
Genesee County Water Supply Systems:			
South loop section	143,611	18,196	125,415
North loop section	22,127	2,748	19,379
North loop - Phase IV	<u>255,604</u>	<u>22,997</u>	<u>232,607</u>
Total water supply systems	<u>421,342</u>	<u>43,941</u>	<u>377,401</u>
Total fixed assets	<u><u>\$ 495,079</u></u>	<u><u>\$ 61,395</u></u>	<u><u>\$ 433,684</u></u>



# **City of Mt. Morris**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# City of Mt. Morris

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## Contents

Report Letter	I
Schedule of Bonded Indebtedness of Water Projects Serving Areas within the City	2
Schedule of Changes in Bond and Interest Activity	3
Schedule of Fixed Assets	4



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*Plante & Moran, PLLC*

April 27, 2004



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# City of Mt. Morris

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Bonded Indebtedness of Water Projects Serving Areas within the City December 31, 2003

Project	Original Issue	Balance
Genesee County Water Supply Systems - Water supply Louisa & Saginaw Roads	<u>\$ 35,000</u>	<u>\$ 35,000</u>

# City of Mt. Morris

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003

	Principal Balance January 1, 2003	2003 Debt Issuance	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Bond Issue					
Genesee County Water Supply Systems - Water supply Louisa & Saginaw Roads	\$ -	\$ 35,000	\$ -	\$ -	\$ 35,000

# City of Mt. Morris

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Genesee County Sewage Disposal System - Mt. Morris City arm	\$ 460,002	\$ 149,501	\$ 310,501
Genesee County Water Supply System - Water supply system No. 4 - 1980 series	<u>627,457</u>	<u>160,018</u>	<u>467,439</u>
Total fixed assets	<u><u>\$ 1,087,459</u></u>	<u><u>\$ 309,519</u></u>	<u><u>\$ 777,940</u></u>

# **Township of Mt. Morris**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# Township of Mt. Morris

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## Contents

Report Letter	I
Schedule of Bonded Indebtedness of Sewer and Water Projects Serving Areas within the Township	2
Schedule of Changes in Bond and Interest Activity	3
Schedule of Fixed Assets	4-5





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April 27, 2004



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# **Township of Mt. Morris**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Bonded Indebtedness of Sewer and Water Projects Serving Areas within the Township December 31, 2003**

Project	Original Issue	Balance
Genesee County Sewage Disposal Systems:		
System No. 1 main interceptor and branches	\$ 379,718	\$ 16,920
Mt. Morris Township local sewer system	6,400,000	1,100,000
Southeast extension	91,650	18,330
Mt. Morris Sanitary Sewer extension 1999	3,800,000	3,475,000
Mt. Morris Sanitary Sewer - Series 1996	1,475,000	1,000,000
South Section	409,848	22,214
Total sewage disposal systems	12,556,216	5,632,464
Genesee County Water Supply Systems - Water supply system No. 4:		
Mt. Morris Township 1975 extension	2,500,000	150,000
1975 extension - Refunding issue	1,220,000	-
Total water supply systems	3,720,000	150,000
Total bonded indebtedness	<u>\$ 16,276,216</u>	<u>\$ 5,782,464</u>

# **Township of Mt. Morris**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003**

Bond Issue	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Sewer disposal system No. 1 - Main interceptor	\$ 33,840	\$ 16,920	\$ 744	\$ 16,920
Mt. Morris Township local sewer system series 1 and 2	1,375,000	275,000	73,013	1,100,000
Southeast extension	21,996	3,666	889	18,330
Mt. Morris Township Sanitary Sewer extension 1999	3,600,000	125,000	189,719	3,475,000
Mt. Morris Township section - Series 1996	1,100,000	100,000	52,500	1,000,000
Sewer disposal system No. 6 south section	44,428	22,214	1,999	22,214
Water supply system No. 4 - Mt. Morris Township 1975 extension	150,000	-	7,500	150,000
Water supply system No. 4 - 1975 extension - Refunding	140,000	140,000	3,570	-
Total	<u>\$ 6,465,264</u>	<u>\$ 682,800</u>	<u>\$ 329,934</u>	<u>\$ 5,782,464</u>

# **Township of Mt. Morris**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Fixed Assets December 31, 2003**

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 1 main interceptor and branches	\$ 399,686	\$ 175,872	\$ 223,814
South section	370,411	92,603	277,808
Southeast extensions	88,288	25,974	62,314
West Mt. Morris Road section	1,375,123	137,512	1,237,611
Mt. Morris Township arm	9,401,061	2,350,265	7,050,796
Stanley Road extension	124,583	25,128	99,455
Francis & Webster Roads	1,300,322	143,028	1,157,294
Mt. Morris Township house leads	63,243	17,866	45,377
Mt. Morris Road section sewer	82,639	11,710	70,929
Linden Road sanitary sewer	74,318	20,311	54,007
Pasadena extension	86,242	22,207	64,035
Carpenter Road section	58,283	15,008	43,275
Coldwater - Clio Road extension	60,895	15,681	45,214
Pierson - Linden, sunny seasons	115,549	23,110	92,439
Linden - Pierson Road W	169,527	40,686	128,841
Luce - Pierson Road section	15,518	3,828	11,690
Sewer extension - 1999 (Kelly Rd., etc.)	3,681,644	190,038	3,491,606
Total sewage disposal systems	17,467,332	3,310,827	14,156,505

# Township of Mt. Morris

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets (Continued)

December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Water Supply Systems:			
Water supply system No. 4	\$ 504,878	\$ 148,938	\$ 355,940
Pierson - Linden Road	270,703	62,938	207,765
Commerce Drive	51,775	6,342	45,433
Northern loop	516,219	64,114	452,105
Southern loop	284,869	36,093	248,776
Frances Road section to Clio to Neff	31,562	3,841	27,721
Jennings Road extension	73,434	8,078	65,356
1971 extensions	1,438,678	215,802	1,222,876
1975 extensions	2,476,439	371,466	2,104,973
1980 series - Water tank	569,309	142,860	426,449
Flushing Road water extension	26,610	4,324	22,286
Flushing Road - Neff to Saginaw	100,840	16,134	84,706
Coldwater - Clio Road extension	90,873	23,400	67,473
Pasadena water extension	20,700	5,175	15,525
Fertile Valley section	161,866	32,373	129,493
Linden Road Watermain	569,724	2,849	566,875
Total water supply systems	7,188,479	1,144,727	6,043,752
Total fixed assets	<u>\$ 24,655,811</u>	<u>\$ 4,455,554</u>	<u>\$ 20,200,257</u>

# **Township of Mundy**

---

**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# Township of Mundy

---

## Contents

Report Letter	I
Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Township	2
Schedule of Changes in Bond and Interest Activity	3
Schedule of Fixed Assets	4



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*Plante & Moran, PLLC*

April 27, 2004



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# **Township of Mundy**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Township December 31, 2003**

Project	Original Issue	Balance
Genesee County Sewage Disposal Systems:		
System No. 1 main interceptor and branches	\$ 787,523	\$ 38,280
Swartz Creek interceptor	1,529,006	79,635
Sewer System No. 1 Refunding - 1978	<u>1,930,000</u>	<u>-</u>
Total bonded indebtedness	<u><b>\$ 4,246,529</b></u>	<u><b>\$ 117,915</b></u>

**Township of Mundy**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Changes in Bond and Interest Activity**  
**Year Ended December 31, 2003**

Bond Issue	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Sewer disposal system No. 1 - Main interceptor	\$ 76,560	\$ 38,280	\$ 1,684	\$ 38,280
Sewer disposal system No. 1 - Swartz Creek interceptor	159,271	79,636	7,167	79,635
Sewer disposal system No. 1 - Refunding bonds series 1978	<u>145,000</u>	<u>145,000</u>	<u>4,713</u>	<u>-</u>
Total	<u><b>\$ 380,831</b></u>	<u><b>\$ 262,916</b></u>	<u><b>\$ 13,564</b></u>	<u><b>\$ 117,915</b></u>

# Township of Mundy

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 1 main interceptor and branches	\$ 828,927	\$ 364,749	\$ 464,178
Mundy Township arm	1,619,223	511,676	1,107,547
Swartz Creek interceptor	1,896,141	295,419	1,600,722
Linden Road interceptor	1,293,580	378,372	915,208
Hill/Ray Road arm	1,511,137	444,577	1,066,560
Torrey - Van Slyke arm	1,043,086	307,710	735,376
Jennings Road arm	3,519,813	1,014,760	2,505,053
Mundy Acres arm	652,671	192,538	460,133
Reid Road extension	31,054	932	30,122
Total sewage disposal systems	12,395,632	3,510,733	8,884,899
Genesee County Water Supply Systems:			
Southern loop section	304,057	38,524	265,533
Hill to Reid Road	165,645	20,987	144,658
Water supply system No. 7	288,628	81,537	207,091
Alton Drive water system	156,601	15,660	140,941
Taylor Drive extensions	153,002	29,574	123,428
Fenton Road pump station	150,782	16,586	134,196
Jennings Road water/sewer extension	122,051	7,628	114,423
Torrey Road watermain	851,075	203,942	647,133
Total water supply systems	2,191,841	414,438	1,777,403
Total fixed assets	<u>\$ 14,587,473</u>	<u>\$ 3,925,171</u>	<u>\$ 10,662,302</u>

# **Township of Richfield**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# **Township of Richfield**

---

## **Contents**

<b>Report Letter</b>	<b>I</b>
<b>Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Township</b>	<b>2</b>
<b>Schedule of Changes in Bond and Interest Activity</b>	<b>3</b>
<b>Schedule of Fixed Assets</b>	<b>4</b>



**Plante & Moran, PLLC**  
27400 Northwestern Highway  
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## Independent Auditor's Report

To the Genesee County Drain Commissioner  
Division of Water and Waste Services  
Flint, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Genesee County Drain Commissioner Division of Water and Waste Services (a component unit of Genesee County, Michigan) as of and for the year ended December 31, 2003, and have issued our report thereon dated April 27, 2004, which expressed an unqualified opinion on the statements. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole.

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*Plante & Moran, PLLC*

April 27, 2004

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# **Township of Richfield**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Township December 31, 2003**

Project	Original Issue	Balance
Genesee County Sewage Disposal Systems:		
System No. 1 main interceptor and branches	\$ 296,712	\$ 13,680
Coldwater - State Road extension	<u>350,000</u>	<u>-</u>
Total bonded indebtedness	<u><b>\$ 646,712</b></u>	<u><b>\$ 13,680</b></u>

# **Township of Richfield**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003**

	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Bond Issue				
Sewer disposal system No. 1 - Main interceptor	\$ 27,360	\$ 13,680	\$ 602	\$ 13,680
Coldwater - State Road section	45,000	45,000	1,575	-
Total	<u>\$ 72,360</u>	<u>\$ 58,680</u>	<u>\$ 2,177</u>	<u>\$ 13,680</u>



# Township of Richfield

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 1 main interceptor and branches	\$ 312,250	\$ 137,398	\$ 174,852
Coldwater - State Road extension	939,970	81,589	858,381
Richfield Township arm	234,938	69,307	165,631
Richfield Township extension	975,426	287,751	687,675
Carpenter - Vassar Road extension	241,614	62,022	179,592
Russellville - Coldwater extension	413,902	112,788	301,114
Total sewage disposal systems	3,118,100	750,855	2,367,245
Genesee County Water Supply Systems:			
Water supply system No. 10	26,980	6,454	20,526
State Road section	149,442	18,053	131,389
Total water supply systems	176,422	24,507	151,915
Total fixed assets	<u>\$ 3,294,522</u>	<u>\$ 775,362</u>	<u>\$ 2,519,160</u>

# **City of Swartz Creek**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# City of Swartz Creek

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## Contents

Report Letter	I
Schedule of Bonded Indebtedness of Sewer and Water Projects Serving Areas within the City	2
Schedule of Changes in Bond and Interest Activity	3
Schedule of Fixed Assets	4



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*Plante & Moran, PLLC*

April 27, 2004



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# City of Swartz Creek

## Activity Handled by Genesee County Drain Commissioner

### **Schedule of Bonded Indebtedness of Sewer and Water Projects Serving Areas within the City December 31, 2003**

Project	Original Issue	Balance
Genesee County Sewage Disposal System - System No. 1 main interceptor and branches	\$ 726,947	\$ 33,540
Genesee County Water Supply Systems - Water supply No. 1 - Refinancing	<u>283,615</u>	<u>141,529</u>
Total bonded indebtedness	<u><u>\$ 1,010,562</u></u>	<u><u>\$ 175,069</u></u>

# City of Swartz Creek

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003

Bond Issue	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Sewer disposal system No. 1 - Main interceptor	\$ 67,080	\$ 33,540	\$ 1,476	\$ 33,540
Water supply system No. 1 - Series 1	<u>171,060</u>	<u>29,531</u>	<u>6,787</u>	<u>141,529</u>
Total	<u><u>\$ 238,140</u></u>	<u><u>\$ 63,071</u></u>	<u><u>\$ 8,263</u></u>	<u><u>\$ 175,069</u></u>

# City of Swartz Creek

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
System No. 1 main interceptor and branches	\$ 765,164	\$ 336,692	\$ 428,472
Miller Road force main	21,752	2,719	19,033
City of Swartz Creek sewer	590,852	174,301	416,551
Winchester Woods	93,217	27,499	65,718
Total sewage disposal systems	1,470,985	541,211	929,774
Genesee County Water Supply Systems:			
South water loop	316,357	40,082	276,275
Swartz Creek disposal system	608,129	179,398	428,731
Winchester Woods	111,014	31,084	79,930
Elms Road watermain	77,351	5,415	71,936
Total water supply systems	1,112,851	255,979	856,872
Total fixed assets	<u>\$ 2,583,836</u>	<u>\$ 797,190</u>	<u>\$ 1,786,646</u>

# **Township of Thetford**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**



# **Township of Thetford**

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## **Contents**

<b>Report Letter</b>	<b>I</b>
<b>Schedule of Bonded Indebtedness of Sewer and Water Projects Serving Areas within the Township</b>	<b>2</b>
<b>Schedule of Changes in Bond and Interest Activity</b>	<b>3</b>
<b>Schedule of Fixed Assets</b>	<b>4</b>



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*Plante & Moran, PLLC*

April 27, 2004



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# **Township of Thetford**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Bonded Indebtedness of Sewer and Water Projects Serving Areas within the Township December 31, 2003**

Project	Original Issue	Balance
Genesee County Sewage Disposal Systems:		
Southeast extensions to system No. 2	\$ 217,425	\$ 43,485
Vienna Township arm	<u>130,500</u>	<u>30,000</u>
Total sewage disposal systems	347,925	73,485
Genesee County Water Supply System - Water supply rights - Act 342 contract	<u>258,174</u>	<u>150,601</u>
Total bonded indebtedness	<u><b>\$ 606,099</b></u>	<u><b>\$ 224,086</b></u>

# **Township of Thetford**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003**

Bond Issue	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Southeast extension	\$ 52,182	\$ 8,697	\$ 2,109	\$ 43,485
Vienna Township arm	36,000	6,000	1,947	30,000
Water Supply Right - Act 342 Contract	<u>172,116</u>	<u>21,515</u>	<u>-</u>	<u>150,601</u>
Total	<u><u>\$ 260,298</u></u>	<u><u>\$ 36,212</u></u>	<u><u>\$ 4,056</u></u>	<u><u>\$ 224,086</u></u>

**Township of Thetford**  
**Activity Handled by Genesee County Drain Commissioner**

**Schedule of Fixed Assets**  
**December 31, 2003**

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
Southeast extensions to system No. 2	\$ 209,448	\$ 61,438	\$ 148,010
Bray Road arm	1,165,588	342,877	822,711
Vienna Road extension	260,117	69,789	190,328
Lewis Road extension	218,699	58,677	160,022
Total sewage disposal systems	1,853,852	532,781	1,321,071
Genesee County Water Supply Systems:			
Francis Road section Clio to Neff	94,687	11,675	83,012
Saginaw Road watermain	164,010	13,667	150,343
Total water supply systems	258,697	25,342	233,355
Total fixed assets	<u><u>\$ 2,112,549</u></u>	<u><u>\$ 558,123</u></u>	<u><u>\$ 1,554,426</u></u>

# **Venice Township**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# Venice Township

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## Contents

Report Letter	I
Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Township	2
Schedule of Changes in Bond and Interest Activity	3
Schedule of Fixed Assets	4



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Flint, Michigan

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*Plante & Moran, PLLC*

April 27, 2004



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# Venice Township

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Bonded Indebtedness of Sewer Projects Serving Areas within the Township December 31, 2003

Project	Original Issue	Balance
Genesee County Sewage Disposal System - Lennon area system	<u>\$ 38,540</u>	<u>\$ -</u>

# Venice Township

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003

	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Bond Issue				
Lennon area system	<u>\$ 19,270</u>	<u>\$ 19,270</u>	<u>\$ 482</u>	<u>\$ -</u>

# Venice Township

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal System - Lennon area project	<u>\$ 809,405</u>	<u>\$ 176,693</u>	<u>\$ 632,712</u>

# **Township of Vienna**

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**Information on Activity Handled by  
Genesee County Drain Commissioner  
December 31, 2003**

# Township of Vienna

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## Contents

Report Letter	I
Schedule of Bonded Indebtedness of Sewer and Water Projects Serving Areas within the Township	2
Schedule of Changes in Bond and Interest Activity	3
Schedule of Fixed Assets	4



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*Plante & Moran, PLLC*

April 27, 2004



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# **Township of Vienna**

## **Activity Handled by Genesee County Drain Commissioner**

### **Schedule of Bonded Indebtedness of Sewer and Water Projects Serving Areas within the Township December 31, 2003**

Project	Original Issue	Balance
Genesee County Sewage Disposal Systems:		
Southeast extensions to system No. 2	\$ 6,525	\$ 1,305
Vienna Township arm	<u>4,219,500</u>	<u>970,000</u>
Total sewage disposal systems	4,226,025	971,305
Genesee County Water Supply Systems - Water supply system No. 4 - Wilson-Jennings-Neff Road extensions	<u>790,000</u>	<u>200,000</u>
Total bonded indebtedness	<u><b>\$ 5,016,025</b></u>	<u><b>\$ 1,171,305</b></u>

# Township of Vienna

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Changes in Bond and Interest Activity Year Ended December 31, 2003

Bond Issue	Principal Balance January 1, 2003	2003 Current Principal Installment	2003 Current Interest Installment	Principal Balance December 31, 2003
Southeast extensions	\$ 1,566	\$ 261	\$ 63	\$ 1,305
Vienna Township arm	1,164,000	194,000	62,953	970,000
Wilson-Jennings-Neff Road extensions	240,000	40,000	15,160	200,000
Total	<u>\$ 1,405,566</u>	<u>\$ 234,261</u>	<u>\$ 78,176</u>	<u>\$ 1,171,305</u>



# Township of Vienna

## Activity Handled by Genesee County Drain Commissioner

### Schedule of Fixed Assets December 31, 2003

	Cost	Accumulated Depreciation	Net Book Value
Genesee County Sewage Disposal Systems:			
Southeast extensions to system No. 2	\$ 6,286	\$ 1,849	\$ 4,437
Vienna Township arm	4,651,040	1,368,336	3,282,704
Saginaw Road extensions	40,856	15,014	25,842
Linden-Vienna Road extensions	239,432	67,041	172,391
Clio Plaza Center - Sewer	29,703	8,317	21,386
Clio Plaza Center - Water	56,424	15,799	40,625
Clio Apt. extension	15,497	4,443	11,054
N. Clio Road ext. cont. II	131,832	33,947	97,885
Bingham Road sewer replacement	38,986	10,460	28,526
Total sewage disposal systems	5,210,056	1,525,206	3,684,850
Genesee County Water Supply Systems:			
Vienna Township	27,816	7,858	19,958
Southern loop section	144,156	18,265	125,891
Water system No. 4	89,667	26,452	63,215
West Vienna Road section	127,426	14,235	113,191
Frances Road section	35,362	4,360	31,002
Wilson-Jennings-Neff Road extensions	1,028,901	207,529	821,372
I-75 Vienna Road extension	138,618	23,108	115,510
North Loop Phase IV	623,814	56,125	567,689
Saginaw Road watermain	215,406	17,950	197,456
Liberty St. watermain	48,156	8,225	39,931
Frances Road - Neff to Saginaw	100,840	16,215	84,625
Saginaw Road Oak to Vienna Road	73,604	9,995	63,609
Total water supply systems	2,653,766	410,317	2,243,449
Total fixed assets	<u>\$ 7,863,822</u>	<u>\$ 1,935,523</u>	<u>\$ 5,928,299</u>

April 27, 2004

Mr. Jeff Wright  
Drain Commissioner of Genesee County  
Genesee County Division of Water and Waste Services  
G-4610 Beecher Road  
Flint, Michigan 48532

Dear Mr. Wright:

We have recently completed our audit of the financial statements of the Genesee County Drain Commissioner, Division of Water and Waste Services for the year ended December 31, 2003. As a result of our audit, we offer the following comments for your consideration.

#### **Bank Reconciliations**

While examining your procedures for performing bank reconciliations, we noted that there was no documentation to indicate that your bank reconciliations were being reviewed properly. In order to maintain effective control over bank reconciliations, someone should review the work of the preparer. At a minimum, someone should agree the bank balance to the bank statement, the book balance to the general ledger, and reconciling items (deposits in transit, outstanding check list, other) to supporting schedules. We understand that your staff is currently performing this function. To indicate that this function is performed timely and accurately, the individual performing the review should sign and date the reconciliations.

#### **Check Stamps**

Although many of our clients use checks stamps as an efficiency tool, we suggest that checks should actually be signed rather than stamped. This improves control by providing a higher degree of evidence that the appropriate person authorized the check. In circumstances where signing the checks is not deemed practical, there should only be one check stamp, which can only be accessed by the individual authorized to sign the checks. During the course of our audit, we noted that there are two check stamps, one with Tom Edelen, and the other with Amy Akridge. We suggest that, at a minimum, the check stamp with Amy Akridge be destroyed.

#### **Use of a Lockbox**

At present, the communities that are serviced by the Divisions send their payments to the Division's office, where they are processed and deposited. As a result, the funds are tied up in the mail and processing before they are deposited into the bank. We recommend that the Division consider using a lockbox system for processing the communities' receipts.

**Use of a Lockbox (Continued)**

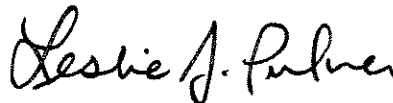
Under such a system, the communities are requested, via notations on invoices or monthly statements, or the use of preaddressed envelopes, to send their payments to a post office box which is accessible only to the Division's bank. Each day, the bank collects receipts from the box, credits the receipts to the Division's account, and sends copies of all check stubs, remittance advises, and other communications to the Division for processing. Cash flow is improved because credit is received for receipts as soon as they are received. Generally, the additional fees charged by a bank in this area are more than offset by the earnings on the increased cash availability.

This type of arrangement can also increase operating efficiencies. The Division's accounting personnel would save time by not having to prepare a deposit and go to the bank each day. Additionally, internal controls could also be strengthened since employees have no direct contact with remittances from the communities. The risk of mishandling or misappropriation of cash receipts is greatly reduced.

We would like to thank Carol Roy, Dave Jansen, and John O'Brien, as well as all of the Division's personnel for their assistance during the audit. We appreciate the opportunity to serve as the Division's auditors. If there are any questions about your financial report or the above comments and recommendations, we would be happy to discuss them at your convenience.

Very truly yours,

**PLANTE & MORAN, PLLC**



Leslie J. Pulver